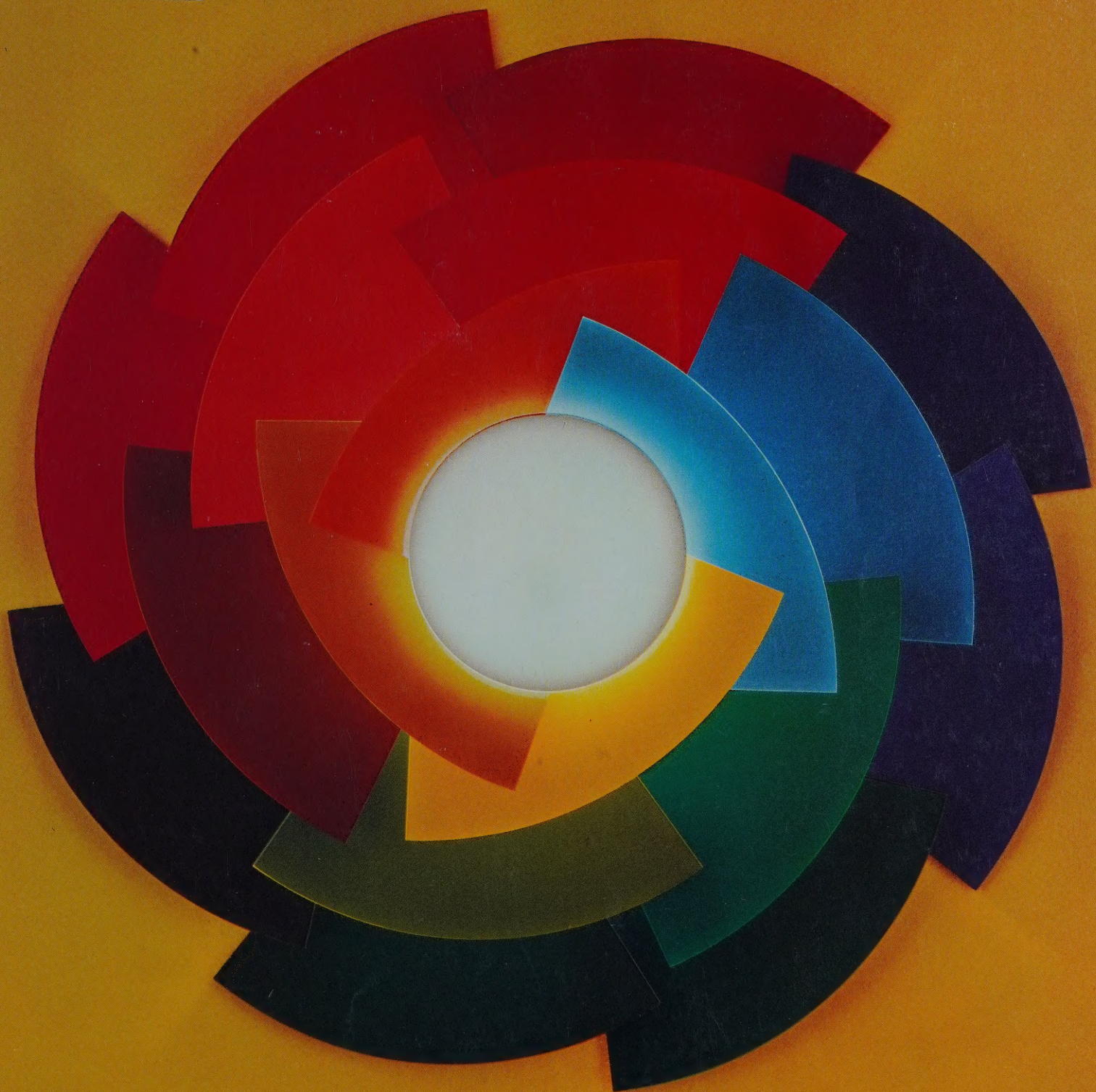
GENERAL ELECTRIC

INVESTOR

1972 Annual Report

General Electric today: one Company, unified by its technological heritage that began with electric lighting.



General Electric's unifying technology

The thousands of General Electric goods and services that enhance the quality of life today spring from a unifying core of related technologies. This interlocking unity is dramatized above in a circular sculpture fashioned from translucent arcs of tough Lexan® engineering plastic. The invention of electric lighting triggered the development of entirely new technologies for the generation and delivery of power. Then, efforts to seek better electrical insulating materials and lamp filaments brought discoveries that underlie present businesses in consumer products as well as in chemicals, plastics, x-ray equipment and medical systems. Similarly, pioneering of steam turbines led to engines for jet aircraft and to heavy-duty gas turbines. Applied worldwide, these interrelated and interdependent technologies form the heart of the Company's service to customers and to society.

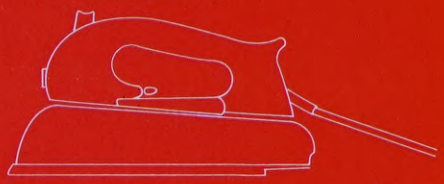
GENERAL ELECTRIC

INVESTOR

Summer 1972

VALUE: GE Best Buy comparisons. Despite inflation, despite major improvements and new conveniences, many GE products today cost less than they did 20 years ago.
Example: Steam & Dry Irons

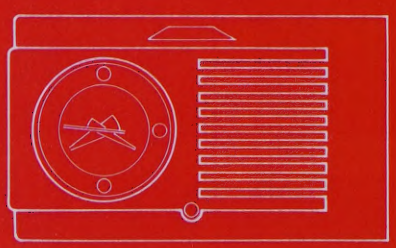
1952—$17.95



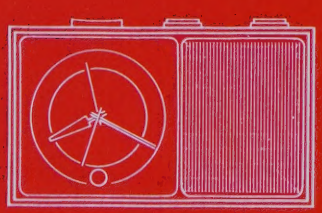
1972—$10.98

Clock Radios

1952—$39.95



1972—$19.95



'CONSUMERISM'—a long-range perspective *by Earl Lifshey*

This is a period of perplexing paradoxes in America, and nowhere are they more evident than in the consumer goods market. For many years I have had the opportunity to observe that market from a neutral, ringside seat and never have I witnessed such a proliferation of paradoxes or seen them occasion greater concern.

It is the consumer goods industries, of course, which have contributed so significantly to our highest-in-the-world standard of living. And today the endless array of products they offer is greater than ever. By comparison with what was available in the past, many of the new products can only be described as fabulous.

Yet during the last few years consumer goods in general, along with those who produce them, have been criticized from many sides for their real or implied shortcomings—all in the name of "consumerism." As a result, there are so many federal, state and local laws on consumerism that an exact count is all but impossible.

What has produced these paradoxes? For one thing, in a time when groups in our society have tended more and more to form protective alliances, politicians have been quick to espouse "consumer protection."

President Kennedy in 1962 first proclaimed what have now come to be regarded as the consumers' four inalienable rights: to safety, to be informed, to choose, and to be heard.

No one would deny these consumers' rights. But from my vantage point I see the horrible examples of consumer product dissatisfaction—however few and minor, percentagewise—invariably making headlines out of all proportion to reality. Thus it is important to a proper perspective of the consumer goods industries to call attention to some of the more positive aspects that are all too rarely reported by the press.

If I were asked to name the consumer goods industry which—predating consumerism by many years—has voluntarily not merely expressed a special concern for its customers but, more to the point, has demonstrated it in terms of meaningful action, I would unhesitatingly name home appliances. It can point to a performance record of impressive proportions.

In terms of sheer production, over one billion appliances are now in use in America's homes. About 271 million are major appliances; some 740 million are portable or table appliances. In 1970 the industry sold 27 million major appliances, double its 1960 sales. In 1980, it is estimated, sales will hit 43 million appliances. That means, on the average, nearly 300 appliances will be delivered to consumers every minute of every working day during that ten-year period!

As for prices, appliances generally cost less today than they did years ago. On an index using 1957-59 as 100, the U.S. Labor Department price index for all consumer goods has risen to an all-time high of 142.6%. Yet during the same period the price index for appliances has declined until today it stands at 88.6%.

In terms of intrinsic value, consumers have never been able to buy as much for their appliance dollar as they can today. Not only are prices usually considerably lower, but the appliances are far superior from almost every standpoint. (Examples of GE value comparisons are included as illustrations for this article.)

These evidences of customer benefits don't reflect any Johnny-come-lately conversion to consumerism. The home appliance industry has been actively consumer-oriented for many years.

For example, the Association of Home Appliance Manufacturers annually holds a National Home Appliance Conference for teachers, editors, writers, home service directors and all others whose function it is to communicate to consumers. This highly-regarded three-day forum, which now attracts around 1,000 people, includes on its program the foremost authorities who report on the latest developments in home appliances and related home-making fields.

Yet what is much less known, or too often overlooked, is the fact that these voluntary, concrete contributions to consumerism have been held regularly since 1944! And half a century has come and gone since the association issued its first—and, at the time, excellent—manual entitled "Laundering at Home."

The industry's capability for voluntary action was demonstrated in the response to the Task Force named by President Johnson in 1968 to examine the industry's performance.

AHAM's response was swift and salutary. It welcomed the opportunity to acquaint the Task Force with all that was already being done for consumers of home appliances. And, in many

areas where it might be deemed warranted and feasible, the industry plainly wanted to improve and expand those services.

On January 8, 1969, AHAM presented the Task Force with its report. In over 200 pages it set forth the industry's then existing policies and practices and went on to outline changes in appliance manufacturing, marketing and servicing which were voluntarily being undertaken.

In October 1969, when he reactivated the Task Force, President Nixon called for a report on how the manufacturers were implementing their recommendations. Their report was presented to him on February 5, 1970. Its scope was enormous. The industry had reexamined virtually every phase of its activities. In individual companies as well as from an industry standpoint, the focus and function of these activities were resharpened to the point where they are far in advance of what has been achieved in any other consumer goods field.

Examples indicate the industry's response:

• Guides published by AHAM spell out in great detail all the voluntary approved and recommended procedures for members in such areas as product warranties, safety standards, industry advertising, etc. It is noteworthy that the first of these guides — "Recommended Advertising Practices for Home Laundry Appliances"—was adopted by the industry in 1960.

• Similar Guides have been published by AHAM for consumers. Six Guides—"The Safe Use of Appliances" is an example — have been published, and others are in process.

• Specific capacity and performance standards on individual products have been (or are being) established, to assist consumers in making meaningful comparisons and sound judgments in buying. These standards for a variety of appliances build on the program of action begun over ten years ago to establish ratings for the performance of room air conditioners.

• **The most innovative and far-reaching new step** taken has been the formation, early in 1970, of the Major Appliance Consumer Action Panel, now generally referred to as MACAP, established by AHAM jointly with the Gas Appliance Manufacturers Association and the American Retail Federation. Basically, MACAP provides a procedure whereby any consumer with a justifiable complaint can be certain of getting satisfaction. The panel consists of eight people well qualified to evaluate such complaints, with Dr. Virginia F. Cutler, former head of the Department of Family Economics and Home Management at Brigham Young University, serving as chairman. The industry assured MACAP that whatever recommendations it might make in order to satisfy a displeased customer would be promptly and fully carried out by the manufacturer of the appliance in question.

What MACAP accomplished in the short time it has been in existence is revealed in the statistics of its report, dated March 31, 1972. The report shows that 3,650 complaints about appliances have been resolved to the customer's satisfaction. Customers still classified as dissatisfied total 164.

The success of this voluntary, industry-initiated consumer service program has been so exceptional that it prompted Mrs. Virginia H. Knauer, Special Assistant to the President for Consumer Affairs, to write each of the participating associations on December 8, 1971:

"Your members... created MACAP as another indication of their concern for consumers and thereby provided a dramatic response to the recommendations of the Presidential Task Force....Over the last two years MACAP, under the dynamic leadership of Dr. Virginia Cutler, has more than lived up to its promise....(It) has been openhanded and fair with consumers and industry alike and has developed beyond the 'interesting experiment' stage."

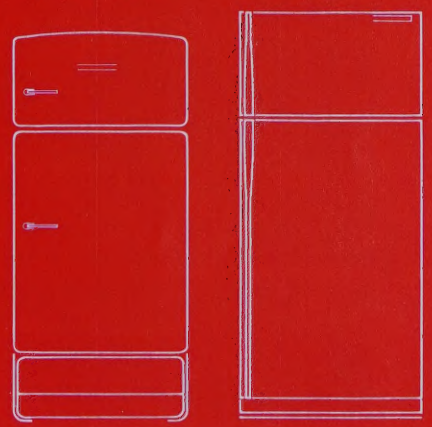
The appliance makers' record of customer concern takes on added dimensions when one examines the performance of individual companies. Of these, none plays a more influential role than General Electric.

During a recent visit with Stanley C. Gault, General Electric's Vice President and Group Executive of the Major Appliance Group, in Appliance Park, Louisville, where we discussed their customer orientation, he reiterated the company's "creed." It is eloquently simple and direct: "To serve our customers in such a manner that we never need to say 'I'm sorry'."

The enormous dimensions of that commitment become apparent only when one has seen at first hand the colossal 1,000-acre Appliance

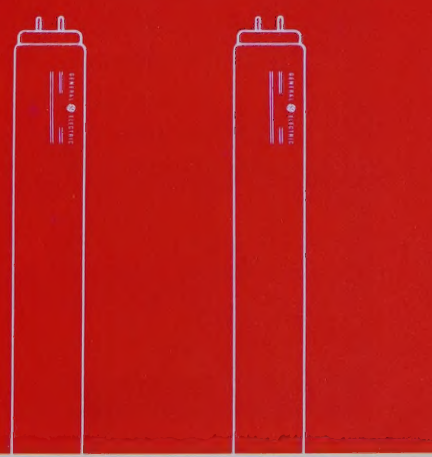
No-Frost refrigerator/freezers

1952—	1972—
$467.00	$379.00
Capacity:	Capacity:
8.7 cubic ft.	20.8 cubic ft.
52 lbs. freezer	243 lbs. freezer



Fluorescent Lamps

1952—	1972—
2,350 lumens	3,150 lumens
7,500 hours average life	18,000 hours average life
6¢ per million lumen-hours	2¢ per million lumen-hours



Park facility, and only when one realizes that it is being supplemented by a second complex, Appliance Park/East, at Columbia, Md.

Also impressive is the new Applied Research and Design Center at Appliance Park, arrayed with the most advanced equipment, geared to a singleness of purpose—to provide the consumer with ever-increasing value.

Evidence of that concern is to be found everywhere. There is, for example, the "Green Dot" quality assurance program used in the production of home laundry equipment, whereby *each* of the vital components is automatically tested electronically. Only those that pass—and are sprayed with a green dot—are used.

Equally sophisticated quality control takes place on refrigerators. A GE-designed, computerized system provides a 100% production-line test of each refrigerator's electrical performance and safety characteristics by completing 35 tests in just 10 seconds.

To watch all this—and much more of the same—in action while going through Appliance Park brings to mind the cynical comment: "They don't make 'em like they used to." It's true; now they're made better than ever.

But making appliances better is only part of the job; proper servicing remains important—and will for a long time. Among GE's efforts in this area is a new major appliance and television servicing program called "Customer Care—Everywhere," whose statistics alone are impressive: it comprises about 100 factory locations throughout the country; it employs 5,000 people; and it includes 2,000 radio-dispatched service trucks, each manned by a specially trained service technician. In addition, there are 5,000 authorized independent GE servicing dealers and agencies. GE's "Customer Care" program obviously ties in closely with MACAP's activities. *(For more on this program see page 11).*

To make appliances "better than ever" means more than building top quality into them. It also means designing them to provide the features and performance standards that homemakers expect from a fine appliance. Today that may be routinely regarded as a part of the new consumerism. But no one called it that 20 years ago when General Electric's Housewares Division in Bridgeport, Conn., first established its Consumer Panel to help guide its thinking in the design of portable appliances. Such panels have been used ever since and constitute standard operating procedure. Currently *(see opposite page),* the panel consists of 2,000 families carefully selected to reflect national population norms. Similar panels help to guide the development of General Electric major appliances and home electronic products.

The revolutionary new products these efforts contribute to all of us consumers help make life better and easier. Examples: GE's self-cleaning oven...the electric slicing knife...the cordless electric toothbrush...the versatile toaster-oven.

To bring this report on GE's customer orientation fully up-to-date, right now General Electric happens to be at the halfway point of its year-long, company-wide campaign to produce the best possible competitive buys for its customers. Featured in this issue of the *Investor,* it's called GE's "Best Buy" program.

GE's Best Buy program illustrates a view I have long held: that consumerism and free enterprise are not incompatible. I am mindful of those who look upon consumerism with apprehension as something which, inevitably, seems certain to erode free, individual enterprise to the point where it will no longer be recognizable. I disagree. It strikes me that the ultimate in consumerism and the ultimate in free enterprise are, to all realistic intents, synonymous.

Free enterprise, in the fullest sense of the word, implies free and open competition among manufacturers and merchants in the marketplace in an effort to serve the consumer best. It's a voluntary effort by them to provide the greatest possible satisfaction in terms of value and service to consumers, thereby earning for themselves a larger share of the market.

Well, what about consumerism? Doesn't it seek precisely the same goals and objectives—the greatest possible customer satisfaction in terms of value and service?

A major challenge to industry today is to reconcile the claims of the consumer and the interests of the share owner. If you ask me, the response of the major appliance industry to date, and of individual companies such as General Electric, indicate that this reconciliation can be, and is being, accomplished.

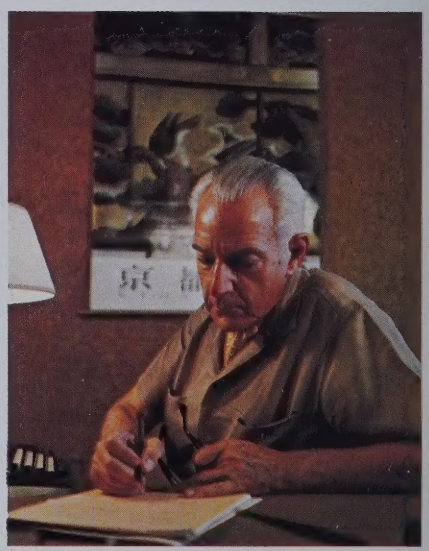


PHOTO BY ANDY HANRAITY

Earl Lifshey is the author of the widely read column, "If You Ask Me," that for many years has run in HOME FURNISHINGS DAILY. *He was formerly the publication's managing editor. Considered by many to be the dean of reporters in the home goods field, he has been commissioned to write a history of the housewares industry which the National Housewares Manufacturers Association will publish next January.*

Mr. Lifshey's views on consumerism, written for the GE INVESTOR, *lead off a series of features reporting on General Electric's efforts to anticipate consumers' changing wants and needs and to supply GE customers with outstanding quality, service and value.*

Listening to the homemaker

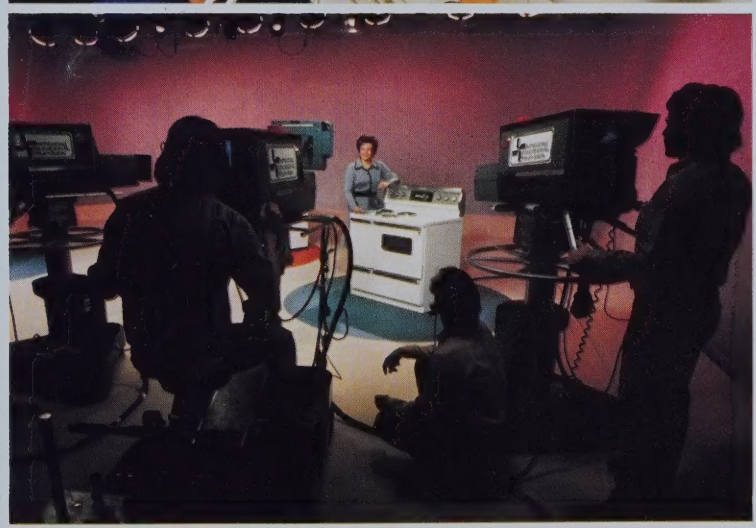
Establishing GE's Best Buy program at the beginning of 1972, Chairman Fred J. Borch said "this is a team effort to provide customers with products and services that represent the best buy we can offer in terms of quality, service and all of the other ingredients of value."

For GE's consumer product operations, Best Buy begins with putting into practice the consumer's "inalienable right" to be heard. Believing that they can learn from listening to the homemaker, two GE Groups involved most intimately with the consumer—Major Appliance and Consumer Products—have set up programs and staffs to work personally with the homemaker to help her get the maximum worth out of her appliances.

THE CONSUMER ADVISORY COUNCIL is made up of two separate panels involving 2,000 homemakers, each selected on the demographics of geographic location, size of city, family income and age of panelist. The prime purpose of the Council is to find out how small appliances perform in the home under normal use. Several times during a 12-month period housewife panelists make written reports which serve as guides in developing new products and marketing approaches, evaluating product quality and safety, and judging adequacy of use and care booklets. In top picture at right, Housewares' Consumer Advisory Council panelist Mrs. Gerry LoStocco of Trumbull, Conn., tests a new hair styling dryer in her home while daughter Jeanmarie, 7, kibitzes.

CONSUMERS INSTITUTE at Appliance Park is composed of a staff of home economists who continually test and study GE and Hotpoint appliances to determine the results a homemaker can obtain through their use. Institute members also conduct workshops on the use and care of appliances for utility and extension home economists, teachers and national home economics organizations, as well as responding directly to the thousands of consumers who write requesting information and pamphlets. In the middle picture, Consumers Institute's Jean Hopwood tapes a demonstration of major appliance use and care for distribution to home economics classes throughout the state of Kentucky.

HOMEMAKER-DESIGNED KITCHEN (right). To dramatize what *they* want in a house, members of the women's auxiliary of the National Association of Home Builders, working with *Parents* magazine and Company planners, designed a house incorporating the features they felt desirable. Built in Houston for $45,000, it is equipped with self-cleaning oven, waste disposer, refrigerator-freezer, dishwasher, laundry equipment, trash compactor—all by Hotpoint—and is centrally air conditioned and heated by General Electric. GE personnel work with builders throughout the country to implement kitchen and laundry features specified in designs by committees of local women.



PHOTOS BY GARY GLADSTONE

Listening: What of tomorrow's consumers?

Few would deny that, for whatever reasons, a sizable communication gap does exist between young people today and the business world. Can the breach be spanned? Convinced that it can and that both groups share similar concerns and interests that should be talked about, GE has sponsored five conferences involving students and Company representatives across the country. These issue-oriented gatherings have two objectives:

- To provide campus leaders with insights into the activities of one industrial firm, concentrating on those activities relating to contemporary social problems.
- To provide GE management with first-hand knowledge of the real concerns of youth today.

Typical of the seminars was one held by the Major Appliance Group. Some 41 college students, mostly juniors, from 36 different colleges and universities within a 250-mile radius of Louisville spent two days in give-and-take conversation with General Electric people, including Group Executive Stan Gault (shown talking with students beneath chandelier in photograph at far right) and seven other vice presidents.

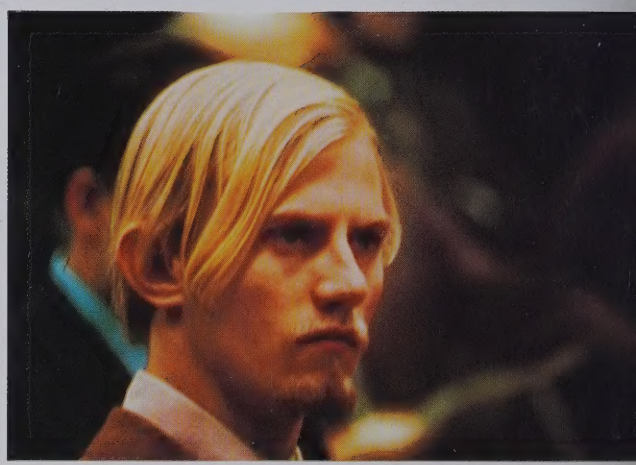
Scheduled sessions focused on four business and social problems of common concern: industry and the environment, consumerism, worldwide competition, and the individual and the organization. After each session, keynoted by both GE and student spokesmen, the conference broke up into small informal "rap" sessions characterized by a free-wheeling interchange of opinions and ideas. When the entire group reassembled, student reporters summarized the discussions in their particular rap session.

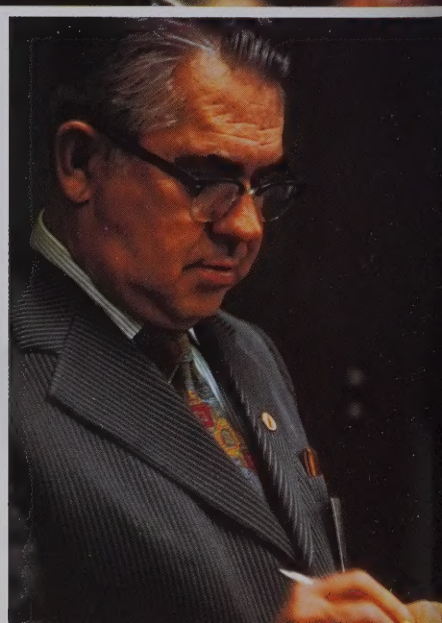
What were the mutual benefits of the conference?

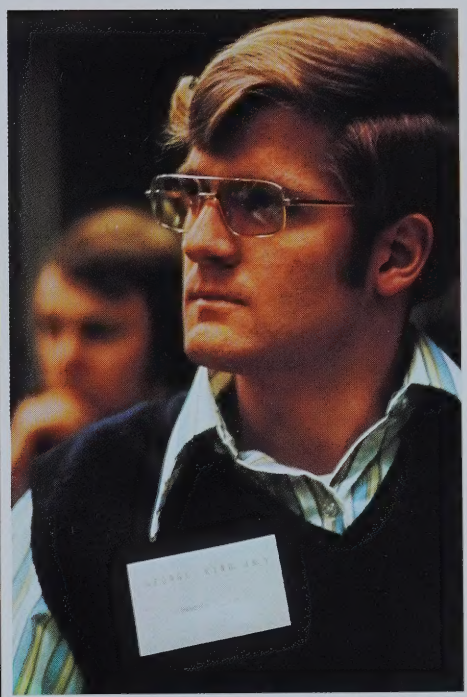
If a consensus was not reached—and no one expected or desired that it would be—a dialogue took place, an essential precursor of understanding. The students were exposed to the scope of GE's commitment in areas of particular relevance to young people, while GE managers experienced personally the depth of the concerns of the generation that will become tomorrow's consumers. At the conclusion, the communication gap yawned a little narrower.

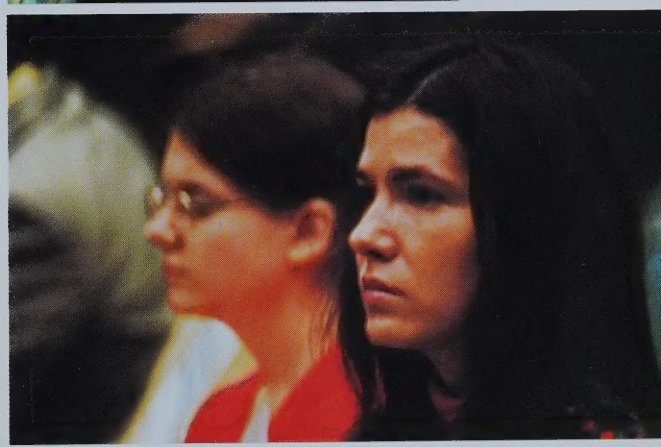
Asked to evaluate the seminar, one student wrote: "If the people that General Electric brought to the conference are typical of your management personnel, I am impressed. I like how you stressed that General Electric *is* people."

Speaking for GE, Ed Stehle, vice president and general manager of customer relations (pictured taking notes at right), returned the compliment: "We got to know a group of people who are a real credit to their generation. If they are typical of the youth of today, the future of our country is in good hands."









PHOTOS BY ARTHUR SCHATZ

PHOTOS: ARTHUR SCHATZ, STAN WAYMAN, DAVID L. MARTIN

QUALITY: For TV, the proof is in the testing

"We build every television as if we were going to use it ourselves. That's why we computer-test, dot-test, shock-test, life-test and field-test our color TV sets."

So reads a General Electric ad for the most difficult appliance to make—so complex, in fact, that every fifth person on the production line is a quality control specialist who does nothing but check on the work that has preceded him.

To be able to produce a set of highest quality, GE adheres to rigid standards and procedures. It builds its own picture tubes, molds its own cabinets, constructs its own chassis.

On these three pages are pictured some—by no means all—of the steps involved.

At Syracuse, where the Company makes its color picture tubes (left), an automatic test facility designed and built by GE's Automation Equipment Operation performs 38 separate checks on every large screen tube (top picture). As the tubes move along an oval carrousel, operators test the quality of the color and sharpness of each tube. Data is accumulated and available for quality control analysis.

Skilled workers assemble and check the components of picture tubes (bottom left).

In the purified air of the "clean room" (bottom center), a picture tube specialist examines with a microscope the precise placement of the hundreds of thousands of red, blue and green phosphor dots that enable a screen to transmit color.

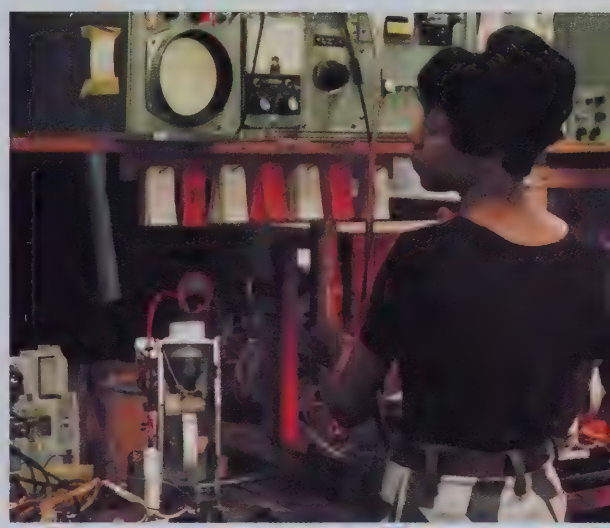
With the dexterity of a watchmaker a technician painstakingly assembles the tiny components of an electron gun, a critical component of a color TV tube (bottom right).

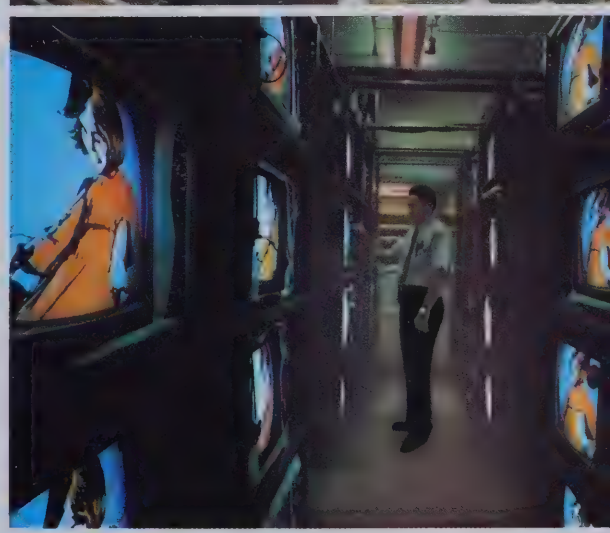
At Portsmouth, Va., where chassis are made and sets assembled (right), a quality control specialist monitors an oscilloscope as a chassis emerges from a warm-up chamber (top).

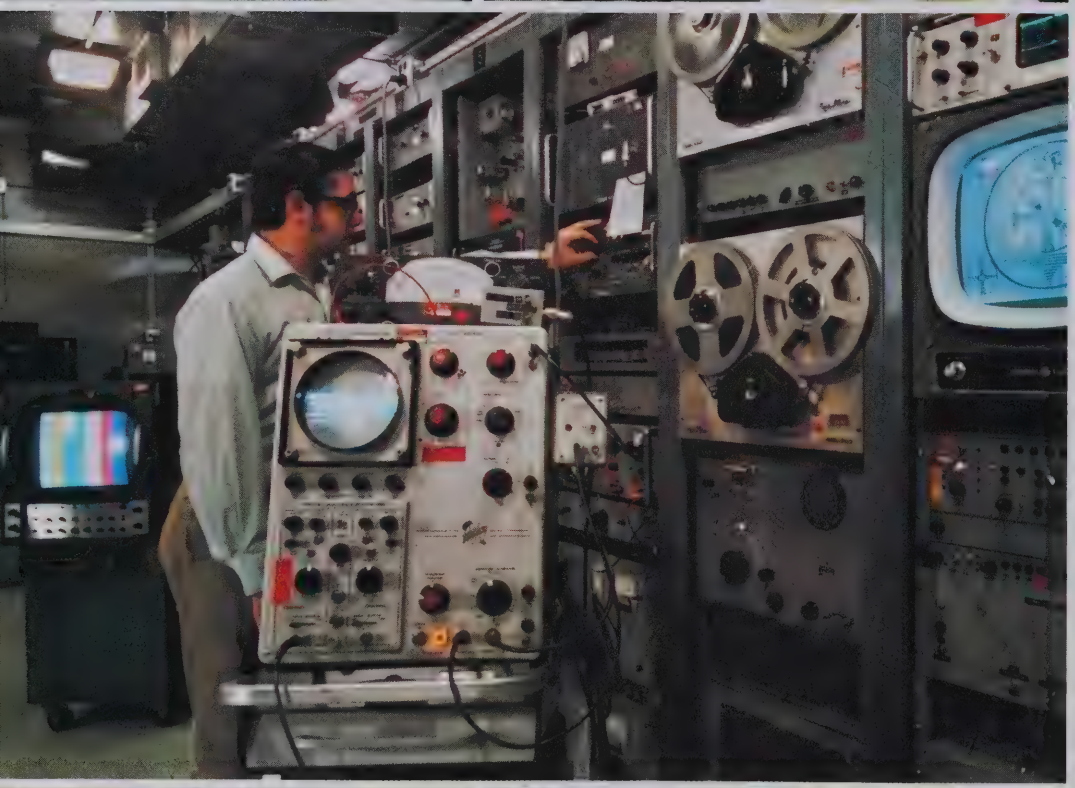
In a voltage line safety check (center), operators perform shock and power surge tests.

A statistical sampling of sets undergo life tests (bottom) during which they burn for the equivalent of two years' home use.

(continued on page 10)







QUALITY *(continued)*

If there were a single key to achieving and maintaining engineering excellence in GE television sets it would have to be testing—a brain-boggling number and variety of exacting, exhaustive checks all along the production line. In addition to quality control tests already mentioned:

- A statistically based sample of solid state components (transistors, resistors, etc.) get a computer checkout prior to their release to the production line.
- Up to 250 separate measurements are made by computer on all printed circuit boards.
- A statistical sample undergoes a tough physical. Sets are rattled, shaken, bounced and dropped to determine how well they will withstand the rigors of transport.
- Engineers field test sets from mountain peak to seaside to see how they perform in climatic extremes.
- Critical adjustments—among them alignment of video, audio and color circuits—are made on sets at frequent stops on the assembly line. To get the purest signal possible with which to make these adjustments—purer than that emitted by commercial television networks—a multi-million-dollar color and signal quality control center has been equipped with the most sophisticated gear (left center).

In addition to the improved quality and extra features of today's television sets over yesterday's, the consumer enjoys another dividend: generally lower prices.

And the consumer will continue to benefit as new designs reflect technological advances—solid state, for instance, which incorporates greater dependability, improved performance, easier serviceability and longer life.

SERVICE: "Dr." Vince makes house calls

The voice, sympathetic and attentive, might be that of the family doctor on a house call: "Now what seems to be the trouble?" As he listens to the recitation of complaints culminating in the breakdown that required the house call, he opens his case, poses a pertinent question or two and mentally begins to assemble all the data that will help him reach a diagnosis and effect a cure.

The man is not an M.D., though his profession does call for the dexterity of a surgeon, as well as the knowledge of an electrician, the skills of a mechanic, the training of a plumber, the tact of a diplomat and, not infrequently, the patience of a saint. He is a GE major appliance service technician.

Such a technician is Vince Guenther, at 42 a veteran of 18 years of servicing General Electric and Hotpoint appliances. Vince, a bright and affable man with a sense of humor cocked and ready, is one of 51 outside technicians who help provide service for the two million people who live in the St. Louis, Mo., metropolitan area.

The St. Louis district is one of some 100 factory service centers linked together with 5,000 factory trained servicing dealers and independent servicing organizations to form GE's "Customer Care-Everywhere" network. This program, the largest and most unique factory service organization of any appliance manufacturer, is designed to give the consumer expert service regardless of where he bought his appliance, wherever he moves.

Like the 2,000 other GE service technicians across the nation, Vince works out of a two-way radio dispatched truck stocked with a $3,500 inventory comprising 700 different parts, a variety sufficient to allow him to complete 90% of his calls without ordering more parts from the warehouse. When the expenses of service cen-

1 *Service begins when a telephone call taker writes up a customer's problem and sends it by conveyor belt to the dispatcher.*
2 *Through symbols written on the dispatcher's window in red grease pencil, call takers can tell at a glance the time they can promise service in any St. Louis neighborhood.*
3 *Vince Guenther, at his truck, talks with the dispatcher by two-way radio.*

PHOTOS BY ARTHUR SCHATZ

SERVICE *(continued)*

ter facilities and personnel are added to the cost of this mobile service, and when it is considered that between-call travel and special training courses eat up half the time a technician can spend in the home, the true value of a customer call becomes clearer.

Vince's goal is to average 8 calls a day, his share of some 93,000 made annually in St. Louis. In peak periods, usually summer Mondays and Tuesdays, as many as 14 telephone call takers work simultaneously to handle up to 800 calls a day. Some 80% of these calls are completed either on the day received or the following day —and within a four-hour promised time span. Or even better. For instance, a visitor monitoring the call takers in St. Louis recently heard a woman call in at 4:50 p.m. reporting that her freezer had stopped freezing. The call taker checked with the dispatcher, learned there was a technician finishing a call in the neighborhood and told the lucky woman a man would be at her house in about 10 minutes. The woman was pleased, if surprised.

The relationship between the consumer, usually a housewife, and the service technician is both direct and delicate. As Vince describes it, "When you first go in they're cranky, they have a chip on their shoulder. But I talk to them a little and they warm up and realize I'm there to help them."

And help he does. A "full line" repairman, he's trained to work on every model of every major appliance ever made by General Electric or Hotpoint—hundreds of them. Swift and sure, he'll dismantle a refrigerator or strip the innards from a balky range while maintaining a genuinely interested conversation with his customers. Often he serves as a sounding board for a whole spectrum of human, as well as appliance, problems. There are a lot of lonely people,

4 *On the road, Vince sweeps past forsythia in bloom.*
5 *Twice a week each technician restocks his truck with replacement parts. To save travel time, technicians rendezvous at outlying parking lots with a supply truck from headquarters.*
6 *Vince begins to formulate a diagnosis as he listens to a customer describe the trouble.*
7 *Brawn counts as much as skill as Vince manhandles a washer in a cramped trailer entranceway.*

he finds, who welcome the opportunity of just having someone to talk to.

Vince's job makes a variety of demands. First, of course, a service technician must be a good repairman, capable of fixing an appliance quickly and reliably. But in the home on a call he must also be clean, polite, efficient, pleasant and, preferably, possessed of a sense of humor, for to the consumer he represents General Electric in a one-to-one, face-to-face situation. Thousands of times a day throughout the country a housewife makes a judgment about GE based on what she thinks of the technician who spends an average of 45 minutes in her home.

To help insure that this impression made is positive, the Product Service Department has adopted the slogan, "Make Someone Happy." They must be making more than one someone happy, for in spite of a growing product population, complaints about service have been trending downward over the last three years.

If to an outsider the job of a service technician may appear monotonous, to Vince it is just the opposite. He did leave the service business a few years ago to manage the appliance section of a department store, but after six years of "six days a week, 12 hours a day in one place, inside" he couldn't take any more and returned to service.

Why does he like his job now?

"It's simple," responds Vince. "I'm out on my own, but I'm home every night and spend weekends with my family. Besides, I guess I just enjoy fixing things for people."

It's this kind of attitude by Vince and a lot of people like him that contributes to making General Electric the customer's "Best Buy" in service, as well as in quality and value.

Consumer series produced by David L. Martin

8 *From his uniquely organized cab Vince calls the dispatcher for his next assignment.*
9 *He gently explains to a housewife that her aging refrigerator is not frost-free and must be defrosted by hand.*
10 *After his eighth and final call of the day, Vince heads for home. Technicians drive their trucks home at night to be on call for emergencies and to diminish travel time to their first call next morning.*

Investors are asking: **GE positions on South Africa, defense work, social goals**

At the 80th Statutory Meeting of General Electric share owners, held April 26 in Houston, Texas, management's recommendations were upheld by over 97.6% of the shares voted. The actions included:

- Election of the 18 Directors nominated by management in the 1972 Proxy Statement. All were incumbent Directors of the Company.
- Approval of the appointment of Peat, Marwick, Mitchell & Co., as Independent Certified Public Accountants for the ensuing year.
- Rejection of a share owner proposal to limit General Electric's charitable and educational contributions. As explained in the Proxy Statement, the proposal would have introduced "a vague and uncertain test" in judging the desirability of these contributions and would, in addition, "unduly restrict the discretion of the Company in performing its obligations in this area."

Observing that the proxies received represented 86.1% of the outstanding shares eligible to vote, Chairman Fred J. Borch added: "I would like to express my sincere appreciation to the hundreds of thousands of share owners who sent in their proxies."

These pages include a number of questions asked and answered at the Statutory Meeting.

Concerning the membership of General Electric's Board—

The Chairman stated that of the 18 Directors, five are employees of the Company. The average service of the thirteen outside Directors is over ten years. He added: "We in General Electric are most fortunate to have the service of such a broadly experienced Board of Directors. Their business and financial experience reflects a great diversity of industries, both domestic and international. Some have held cabinet posts in the federal government; all have had distinguished records of public service in civic, government, industrial and philanthropic affairs. Ours is one of the strongest, most independent and representative boards to be found in industry today."

On GE's charitable and educational contributions—

Mr. Borch pointed out that in 1971 the General Electric Company and the General Electric Foundation committed a combined total of $6.3 million to charitable and educational organizations. The Company portion amounted to less than one half of one percent of earnings before taxes.

What position does General Electric take with regard to continuing its operations in South Africa?

Chairman Borch: We think General Electric has done a pretty good job in South Africa. A lot is yet to be done there, and we are working at it. Also, the products we export from the United States into South Africa help the Company meet its responsibilities in terms of providing jobs for minorities here in the U.S.

The Chairman also referred to previous correspondence on the subject which included the following points:

General Electric's position on South Africa is founded on the same management standards and concerns which apply in the 37 countries where we do business around the world. By turning out quality products that meet the wants of our customers, we try to provide good jobs for employees and a profit for share owners. It is our policy to try to provide equal pay for equal work and performance without regard to race, creed or color.

Achieving these goals has not been an easy task in South Africa. Intense European, Japanese and other U.S. competition for a relatively limited market has made GE's profit picture in South Africa less than satisfactory in recent years. But the Company has

On-the-job training at GE operations in South Africa helps employees qualify as team leaders (top) and leads to advanced jobs such as wiring complex control equipment (bottom).

recognized that broad geographical representation in the marketplaces of the world is essential to GE's long-term success.

The South African affiliate has made steady progress in ensuring gains for its people in South Africa, especially its non-white employees. Continued improvements have occurred in those areas regularly used to measure progress for employees anywhere in the world: more jobs; higher minimum, average and maximum wage rates; employee benefits programs; and—perhaps most important of all—employee training programs and the opportunity for promotion to higher-skilled jobs.

GE's South African management has been working to increase the skills of non-white employees on a continuous basis over the years. On-the-job training has been accelerated to include more employees reaching higher levels of skill. In addition, actual classroom training during working hours, at full pay, takes the worker from rudimentary training with basic tools through to an ability to read wiring diagrams and do electrical wiring and assembly work. As in the U.S., managers of the South African affiliate are developing affirmative action programs that assure continuing progress for non-white employees in South Africa.

Why does General Electric continue to accept defense contracts—particularly for materiel to be used in Indochina?

Mr. Borch: As I testified before a Congressional Committee, not too long ago, I believe that the most serious problem facing the country is to get our soldiers out of Vietnam. I can't, however, agree with the conclusion that companies like General Electric should withdraw from defense work and from supplying materiel to Vietnam. We had a situation in Vietnam where we sent 550,000 American boys over there. We are now down to below 69,000 and I think we would be down substantially below that had it not been for the fact that the North Vietnamese decided to take advantage of this situation and mount a massive offensive. They have escalated the situation currently, and what you are looking at now is a direct result of the actions of the North Vietnamese, not of the South Vietnamese and certainly not of the United States. Now I, for one, would not like to see, down the road here, another Dunkirk when we finally pull the last man out. And General Electric is going to support the government, whatever administration it might be, to do its utmost to protect American troops while they are there.

I am troubled by two things: One, it takes two to make war. We will never have the unilateral choice of war or peace. I think this depends on others. I become increasingly disturbed as I see our disenchantment with Southeast Asia run over into our very basic defense posture, because I am very concerned that we may have, someday, another madman like Hitler; an egomaniac, elsewhere, with tremendous weapons at his disposal. And unless we are in a position in the U.S. to have a deterrent, I would be very concerned about the future of the country, our children and our grandchildren.

Isn't General Electric's sole purpose to make money—and leave social problems to someone else?

Mr. Borch: We feel that the Company's management and Directors have a dual responsibility. One is for profitability and for the safeguarding and appreciation of our investors' funds and to take care of their dividends. The other is the improvement of the quality of life where we operate. Without a good social environment and a good economic environment, General Electric is not going to grow and flourish. The two go together. I don't think one needs to be sacrificed in order to achieve the other. I think there are certain things that this Company can do and should do, and its people do, that make this world a better place to live in—in all the communities in which we operate.

Why does General Electric operate factories overseas? Doesn't that siphon many jobs out of the U.S. labor market?

General Electric's position is that the Company will continue to serve the American market as far as possible with American goods made with U.S. labor in U.S. factories. GE factories overseas are established primarily to serve local markets with local products when it is not possible or economic to export. The overseas factories return dividends to the U.S. and are customers for U.S. exports of components, and many workers in the U.S. are employed manufacturing those export components. About one-fourth of all U.S. exports go to overseas affiliates of U.S. multinational companies.

Many countries give preference to manufacturers that apply local content to their products and services. While GE believes that these ground rules are sometimes not in the best interest of a free and fair trade, the fact that GE has business operations in these countries has helped win export orders and provided many jobs for GE people in places like San Jose, Schenectady and Erie. Also, the viability of whole GE businesses today—marine turbines, as an example—depends to a large degree on supplying the world market rather than that of the U.S. alone.

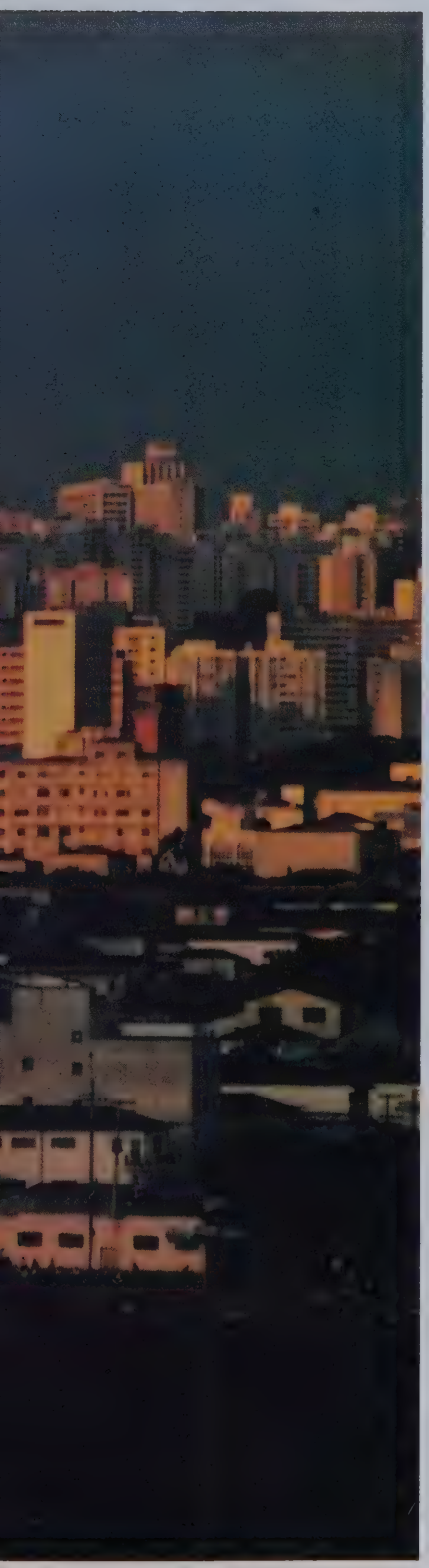
Regrettably, GE has also been increasingly finding itself in a position of being unable to compete in the U.S. market with U.S. manufacture—and faced with the alternatives of giving up a business or moving offshore. Management prefers moving offshore to giving up a business, in order to maintain U.S. jobs of GE people engaged in designing, engineering and distributing these products.

Brazil's economic resurgence finds expression in the skyscrapered profile of São Paulo.

PHOTOS BY JOSEPH B. BRIGNOLO

Booming Brazil

50 years of investments are enabling General Electric do Brasil to share in South America's 'economic miracle'



International operations of General Electric have continued to climb to new records in sales and earnings in 1972. Among the standouts in the GE world system is the Company's Brazilian affiliate, General Electric do Brasil S. A.

General Electric was among the first outside companies to begin making substantial investments in Brazil. That was over 50 years ago when incandescent lamp manufacture was started in Rio de Janeiro. General Electric has subsequently bolstered the Brazilian economy by installing facilities to manufacture a product range that extends from electric housewares to hydro-generators and locomotives.

But through the years neither Brazil nor its GE operations had very glowing economic success stories to tell. Brazil became known as South America's "sleeping giant"—with a land area greater than the continental U.S. and untold natural resources, but also with a record of failing to realize its potentialities.

The economic situation deteriorated to the point that in 1963 Brazil realized only a 1.9% growth rate in its gross national product. Inflation ran wild—as high as a 144% annual rate in March 1964. The country as a whole was discouraged and disorganized.

GE Chairman reviews Rio lamp operations.

Today, Brazilians make frequent and approving use of the phrase "Since the revolution." The reference is to 1964, when Brazil's military leaders decided they had no alternative but to take control and institute sweeping changes in both the country's economic and political structures.

Now when Brazilians speak of "Since the revolution" they refer most often to the economic results. A visitor to Brazil in this year when the country is celebrating the 150th anniversary of its independence finds great pride and enthusiasm among its people in recognizing what the country has been accomplishing on the economic front.

With civilian planners and technicians setting the economic course, South America's sleeping giant has come exuberantly awake. Its economic growth rates have become not only the highest among Central and South American countries but have placed Brazil's economy among the fastest-growing in the world. Further, the planners have achieved this upsurge while also sharply curtailing the inflationary spiral.

Of vital importance is the fact that the nation's resources have been effectively channeled toward urgent national priorities: a massive attack on illiteracy, new national health and housing programs, a powerful stimulus to industrialization, and a determined effort to improve life in the vast undeveloped areas of the Northeast and the Amazon Valley. If a symbol for this new dynamism is needed, it can be found in the immense project of the Trans-Amazon Highway, being cut directly from the Atlantic Coast to the borders of Peru through what has been termed "the greatest demographic empty space left in the world."

Brasileiros think they're fully justified in speaking of their nation's "economic miracle."

Booming Brazil *(continued)*

A recent plant-a-day tour of Brazilian facilities by General Electric's Chairman, Fred J. Borch, gave GE-Brazil managers the opportunity to review the progress both of the country and of the General Electric affiliate.

In an overview, the Chairman of General Electric do Brasil, Jerome M. Warren, reported some of the specifics of the country's turnaround: "The economy has increased its growth from 2.9% in 1964 to 11.3% in 1971. Inflation has declined progressively, from 87% to 21%. Industrial employment has increased by 30%. Brazil's network of paved highways has been increased by 50%, petroleum production by 60%, and electric power by 40%. Enrollment in high schools and universities has risen by 90%. By the end of 1971, Brazil's gross national product reached about $43 billion—the fourth consecutive year with a growth above 9%."

It's evident, Warren concluded, "that a sense of self-confidence and economic momentum now prevails."

Chairman Borch saw how General Electric's long record of investment in Brazil has positioned the Company to share in today's economic momentum.

The spectrum of GE-Brazil's products and services: locomotives, power transformers, many sizes of motors, watthour meters, television receivers, repair services via a network of service shops, lamps and home appliances.

The range and scale of GE-Brazil's production make it the largest wholly-owned General Electric affiliate outside the U.S. and Canada:

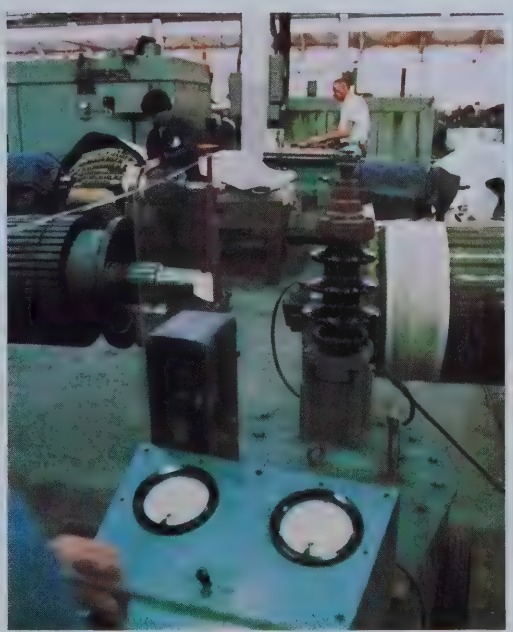
- Beginning with manufacture of lamp products in 1921 at Fabrica Mazda in Rio, GE-Brazil expanded this plant to produce watthour meters and switchgear as well as a widening variety of both incandescent and fluorescent lamps.
- At Santo Andre, a suburb of the huge industrial city of São Paulo, GE-Brazil operates a complex of facilities producing electric motors, major appliances, housewares and television receivers—including color TV receivers.
- At Campinas, another fast-growing industrial city, a large plant completed in 1961 manufactures heavy apparatus such as power transformers, power circuit breakers, large motors, hydraulic turbines, hydro-generators and locomotives.
- In the northeast sector of Brazil, at Recife, is GE-Brazil's newest facility, supplying the region's

emergent economy with lamps and watthour meters.

• A new growth business for the Brazilian affiliate is in product service. A large service shop in the Vila Leopoldina section of São Paulo repairs both GE and non-GE industrial apparatus and serves as headquarters for an expanding network of service shops for consumer goods as well as industrial products.

Reviewing these operations, Chairman Borch also gained a first hand look at how GE-Brazil is making substantial contributions toward the country's new national priorities.

Brazil is striving, for example, to increase its exports—particularly of industrial products—in order to obtain a more favorable trade balance. GE-Brazil is helping by building its export capability. The Campinas plant is currently producing two large hydro-generators for export to Bolivia and power transformers for Mexico, and has delivered its first export locomotive—to Uruguay. Other exports include motors, lamp components and special bottom-connected watthour meters—for which GE-Brazil serves as the sourcing center for other countries in General Electric's world system.



The GE plant at Recife, in addition to being a sound business investment for the company, helps to further the objectives of SUDENE, the government program organized to stimulate development of the Northeast.

Continuing investments by GE-Brazil, including a major overhaul and enlargement of motor facilities at Santo Andre and expansion of other plants and service shops, help to further Brazil's push for greater industrialization.

Most importantly, GE-Brazil provides an industrial parallel to the intense national drive to open up educational and self-development opportunities for Brazilians. The affiliate conducts extensive recruiting and training programs. In 1971, a total of 65 new graduates of Brazilian universities were employed, the majority joining one of two company-wide training programs—the Financial Management and Technical Leadership Programs. The number of young people signing up for the finance program was the highest in its 14-year history.

In launching its Technical Leadership Program in 1971, GE-Brazil is pioneering a self-develop-

Booming Brazil *(continued)*

ment venture that is expected to be applied by other components in the GE world system. Patterned after General Electric's Engineering "Test" Program that for decades served as the entryway for U.S. engineering graduates beginning their GE careers, TLP offers both continued classroom study, in GE-conducted courses, and a variety of work opportunities, by means of functional and geographical rotational assignments. In its first year, TLP attracted more than ten times the number of candidates it could accept.

In another program, Brazilian-born MBA graduates of U.S. business-administration schools are enlisted by GE-Brazil for additional training with General Electric and then placement in GE-Brazil positions.

Brazilian employees have also been participating in Company-sponsored courses in the U.S., including managerial courses at GE's Manager Development Institute at Crotonville, N.Y.

An independent assessment of General Electric's Brazilian operations was provided by "A Case Study of General Electric in Brazil," published as one of a series of studies of United States Business Performance Abroad by the National Planning Association.

Young Brazilian engineers participating in GE's Technical Leadership Program represent GE-Brazil's emphasis on opportunities for self-development.

In its overview the case study states: "Among the foreign enterprises that have contributed importantly to Brazilian advancement . . . the General Electric Company has been outstanding. It was the first to establish in Brazil a manufacturing operation of significant size in an industry other than textiles and food processing. It has always been the leader not only in the training and education of Brazilians in modern industrial skills and management techniques but also in promoting Brazilians to the highest positions of managerial and technical responsibility once they have attained the required qualifications. And the diversification and expansion of its own manufacturing, marketing and engineering activities over nearly half a century have both stimulated and been stimulated by the corresponding diversification and expansion of the Brazilian economy as a whole."

The study was published in 1961. Its description of past achievements by GE's Brazilian affiliate also sums up the continuing goals of General Electric do Brasil. —J.H.H.

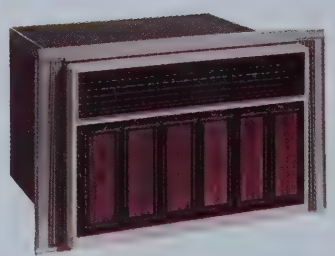
Seven Good Reasons Why General Electric Is Your Best Buy—

Serve cubes, crushed ice or chilled water without opening the door of this no frost refrigerator/freezer. No one but General Electric offers this convenience. Model TFF 24RN

Compactor compresses up to a week's trash for an average family of four into one neat, heavy duty bag. Exclusive GE bag caddy makes removal easy. Model CG550

P*7® Total Clean™ self-cleaning master oven cleans itself, upper oven panels, all oven shelves, inner lower oven door and window and surface unit reflector pans. GE pioneered and patented the self-cleaning oven. Model J797

Comfomatic™ control on GE Custom Superthrust™ room air conditioners maintains the desired comfort setting on quiet low fan speed until indoor temperature rise requires high fan. The fan speed switches automatically as needed, then back to quiet low fan. Only GE has Comfomatic control. Model AGDE 814



The Potscrubber Convertible Dishwasher—with GE's exclusive Power Scrub, the brushless water action that washes pots, pans and crusty casseroles sparkling clean; plus, your Potscrubber dishwasher is safe enough for your finest china and crystal! Model SC850N

Two-speed heavy duty automatic washer with automatic bleach dispenser dilutes bleach to a safe strength automatically. Three cycle selections include the exclusive General Electric Mini-Basket™ that washes small loads quickly and economically. Model WWA7400N

Automatic dry sensing dryer stops dryer action the moment clothes are dry on normal, heavy or permanent press settings. Helps prevent wrinkling to minimize ironing. End of cycle signals notifies you when to unload the dryer. Electric Model DDE7110N Gas Model DDG7110N

GE BEST BUY Our No.1 Goal QUALITY...SERVICE...VALUE

OUR NO. 1 GOAL:
TO MAKE
GENERAL ELECTRIC
YOUR BEST BUY

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3 Self-cleaning 30" oven range has built in oven Rota-grill™ rotisserie. Super-Matic™ surface unit with thermostatic control makes every pan an automatic cooking utensil. Makes cooking so easy. Model RB776.

4 Vented two-speed exhaust hood. Deluxe design has hood lamp and removable grease filters. Helps clean the air you breathe. Model RVN260.

5 Deluxe four-speed washer with Fountain-Filter® water action. Has automatic pre-wash soak cycle and automatic fabric softener dispenser to pamper today's miracle fabrics. Model WLW4820.

6 Sensi-dry cycles on automatic electric dryer automatically stop dryer the moment clothes are ready. Has 3 timed cycles, too. Cool-down helps minimize ironing on modern permanent press washables. Electric Model DLB2700. Gas Model DLL2700.

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We now have nearly six thousand employees — and a growing and enviable earnings record.

Remember: at General Electric Credit, we finance and lease some of the most un-electric things imaginable.

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Mobile Homes • Home Modernization • Boats

GENERAL ELECTRIC

INVESTOR

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EDITOR: Frederick N. Robinson; ASSOCIATE EDITOR: David L. Martin
EDITORIAL BOARD: Douglas S. Moore, *Vice President-Corporate Public Relations;*
David W. Burke, *Manager, Public Relations Programs;*
J. Hervie Haufler, *Manager, Corporate Editorial Communications;*
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FRONT COVER: *GE's King Size Toast-R-Oven® toaster, new product for consumers.*
COVER PHOTO: *Robert Monroe*

ART DIRECTION: *Page, Arbitrio & Resen*

In this issue (pages 16-20): Brazil's economic boom, bringing new luster to romantic Rio de Janeiro.

1972 Financial highlights

(Dollar amounts in millions; per-share amounts in dollars)	1972	1971
Sales of products and services	$10,239	$9,425
Net earnings	$530	$472
Earnings per common share	$2.91	$2.60
Dividends declared per common share	$1.40	$1.38
Earnings as a percentage of sales	5.2%	5.0%
Share owners' equity	$3,085	$2,802
Earned on share owners' equity	18.0%	17.6%
Plant and equipment additions	$436	$553

Operating results by major categories	Sales		Net earnings		Earnings as a percentage of sales	
(Dollar amounts in millions)	1972	1971	1972	1971	1972	1971
Consumer	$ 2,782	$2,383	$144	$106	5.2%	4.4%
Industrial Power Equipment	2,249	2,131	120	114	5.3	5.3
Industrial Components and Systems	3,158	2,865	160	141	5.1	4.9
Aerospace	1,514	1,623	27	37	1.8	2.3
International	1,830	1,584	99	86	5.4	5.4
General Electric Credit Corporation	—	—	41	31	—	—
Corporate eliminations & unallocated items	(1,294)	(1,161)	(61)	(43)	—	—
Total Company	$10,239	$9,425	$530	$472	5.2	5.0

Sales and net earnings by major category throughout this Report include inter-category transactions. To the extent that sales and earnings are recognized in more than one category, appropriate elimination is made at the corporate level. Net earnings for each major category are after allocation of corporate items such as expenses of headquarters personnel, corporate research and development, interest and other financial charges and income as well as income taxes. In this Report, unless otherwise indicated by the context, the terms "General Electric" and "Company" are used on the basis of consolidation described on page 24.

Comments on 1972 and the outlook

General Electric's 1972 results drew strength from the efforts of employees Company-wide to make the last year under the leadership of Fred J. Borch a time of extra accomplishment. Retiring at year end, Mr. Borch could look back on a year when sales rose by 9% to a record $10.2 billion and net earnings increased by 12% to an all-time high of $2.91 a share. Reflecting on the past decade he could review a sales growth that, in effect, added another prosperous General Electric during his period of leadership.

One of the significant contributions of Fred Borch was the reorganization of General Electric for growth and the establishment of a comprehensive system for strategic business planning. On our management structure of decentralized profit-and-loss centers, he superimposed a grid of Strategic Business Units, each responsible for planning and resource allocation to serve a specific market. Two years of experience with this strategic planning system have already positioned us to improve our return on assets through more accurate assessment of risks and more selective allocation of resources.

Members of General Electric's Corporate Executive Office: (front) Chairman Reginald H. Jones, (rear, left to right) Vice Chairmen Walter D. Dance, Jack S. Parker and Herman L. Weiss.

The ultimate tribute to Mr. Borch is the momentum which the Company generated in 1972 and carries over into 1973. The reviews by our Group Executives included in this Annual Report add up to a strong competitive performance in the past year's improving economic climate. Our traditional "core" businesses in consumer goods, power generation apparatus and component products all achieved a year of profitable growth. The substantial ventures we have been developing in nuclear energy, gas turbines, high-performance plastics, medical systems and commercial aircraft engines moved ahead rapidly. The Company gained a stronger position in the fast-growing services sector through the progress of our operations in financial services, computer time-sharing, education, broadcasting, entertainment and repair and installation operations. And our international operations moved to new highs in U.S. exports and in the results of overseas affiliates, making a positive contribution of about a half-billion dollars to the U.S. trade balance.

Looking to 1973, we have the advantage of working against the greatest backlog of unfilled orders in the Company's history—exceeding $11 billion. Businesses that were strong during 1972 should continue to participate in the further expansion of the economy, while two sectors that were sluggish —heavy industrial and power transmission operations—also anticipate improved opportunities. Although the bulk of our defense work is in long-term projects which will not be strongly affected

by the much-desired Vietnam ceasefire, the trend for our aerospace operations continues downward.

We will be negotiating new Company-Union contracts to replace those that expire in May. The Company has two aims in these negotiations: to achieve contracts that will keep our employees' compensation competitive in their community; and that will also permit us to stay cost-competitive in the marketplace. Preliminary informal discussions with the unions indicate a constructive approach to these negotiations. We see good reason to believe that a balanced and peaceful settlement is realistic and achievable.

Over the longer range, our objective in the share owners' interest is to maintain a profitable growth rate exceeding the growth of the U.S. Gross National Product even though our interrelated businesses are broadly based in the U.S. economy. We are counting on our strategic planning system to help us accelerate our investments in areas of real potential and to limit our commitments in less promising areas. In addition, through our international operations we are sharing in markets that are growing faster than those of the U.S.

It is our intent to achieve these growth goals in ways that will make General Electric an increasingly valuable contributor in terms of social responsibilities. The Review of Operations in this Report begins with a summary of our efforts to improve the opportunities offered our minority and women employees, to protect the environment and maintain high levels of investment in new technology.

For your managers there is another aspect to social responsibility: to participate actively and forcefully in the evolving public debate over major economic and social issues of the day. A realistic projection of General Electric's future must take into account the impact, favorable or unfavorable, that these issues can have on the Company's welfare. As examples—

—The welcome Phase III transition away from rigid bureaucratic controls calls for more effective cooperation by government, industry and labor. Restraint in both wage and price increases is essential to avoid refueling inflation and further damaging U. S. industry's competitive posture in the world economy.

—Legislation proposed to Congress to impose added tax burdens and other restrictions on the international operations of U. S.-based companies would force many overseas bases out of existence, with a powerful adverse impact on earnings for share owners, jobs for domestic employees and the U. S. competitive position in world markets.

—Overall, there is the never-ending task of building public understanding of the vital need for profit in a competitive market economy—a need that becomes particularly acute in times of economic expansion. The fact is that despite current high levels of business activity, U.S. industry is still in a profit squeeze, with the ratio of profits to GNP remaining below levels needed to sustain the economic health of the U.S.

In their contacts with the public and their legislators, General Electric's 536,000 share owners can be a constructive force helping to assure that evolving social actions are sound in their effect on the business base of our society.

Chairman of the Board and Chief Executive Officer
February 16, 1973

Review of 1972 operations

Corporate

GE management in 1972 continued to meet dual objectives—profitability for share owners and programs for progress relating to social responsibilities in such areas as equal opportunity, aid to education, environmental protection and research into new technology.

General Electric employees throughout the world participated in the Company-wide "Best Buy" program. The program's goal was to rally employees' support to a year-long effort "to make GE the Best Buy in quality, service and value." Employees' response included their greatest single-year outpouring of suggestions for improving GE products and operations—ideas that generated millions of dollars in extra sales and cost-savings.

Opportunities for minorities and women were accelerated on three key fronts. In hiring, an increased proportion of new hires came from minority groups. Second, the Company's emphasis on upward mobility was reflected in higher numbers of minorities and women moving into managerial and professional positions. And a new effort was launched to encourage minority youths to enter careers in industry.

Senior Vice Presidents Hershner Cross, Oscar L. Dunn, Robert M. Estes, Charles E. Reed and J. Stanford Smith are responsible for the Company's Executive and Administrative Staffs at the corporate level.

In educational support, the General Electric Foundation made grants totaling $2.5 million to over 780 educational institutions. As one new thrust, the Foundation stepped up the value of grants designed to help increase the supply of qualified minority youths entering engineering and finance. In addition, General Electric authorized educational contributions of $480,000. Annual Reports of the Foundation and GE Aid to Education programs are available on request.

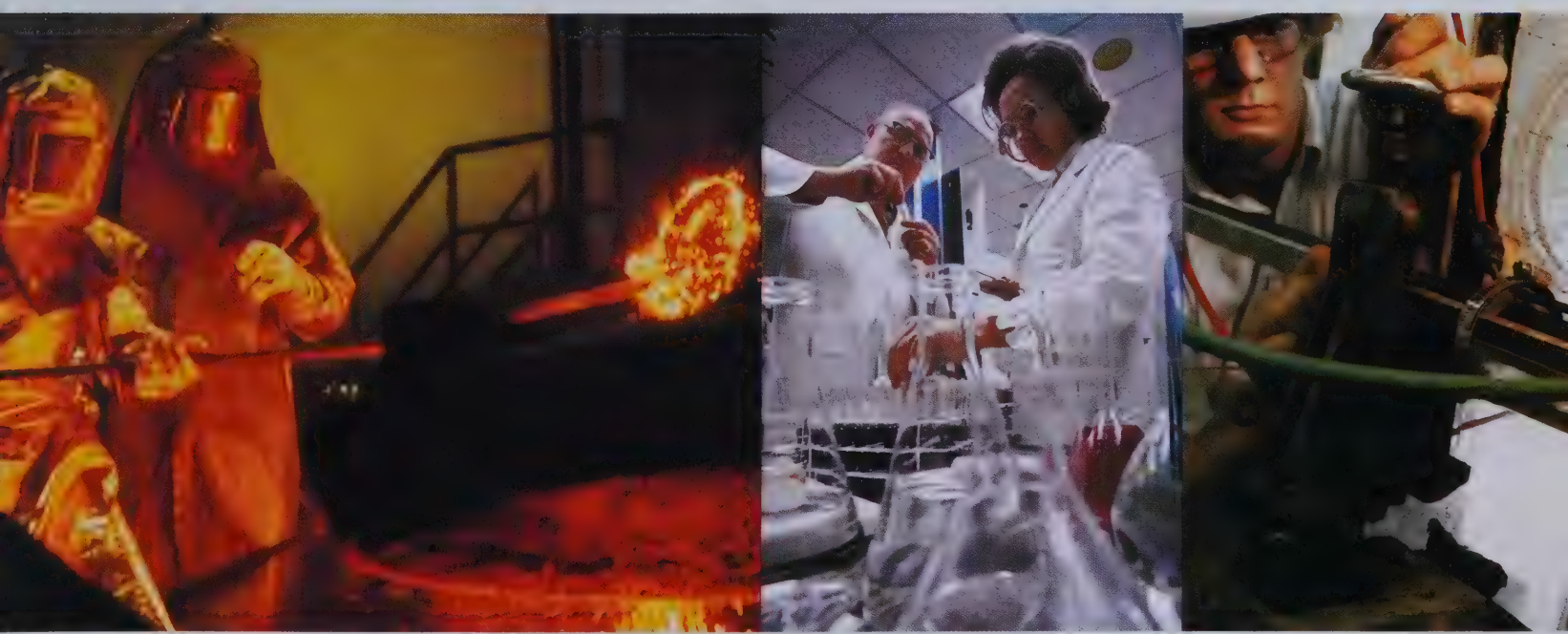
General Learning Corporation, the education venture jointly owned with Time Inc., continued to develop a profitable business while serving education with a range of textbooks, consulting services, educational facilities planning and learning aids.

Environmental protection staffs were in place at virtually all U.S. plants of General Electric by the end of 1972. The corporate-level Environmental Protection Operation worked closely with these on-site staff members through plant visits, conformance appraisals, consultations and seminars.

Worldwide expenditures on research and development exceeding $800 million were made by General Electric in 1972. This total includes approximately $300 million funded by the Company and $500 million for R & D performed under contract, primarily for the U.S. Government.

The Research and Development Center in Schenectady, N.Y., continued to conduct substantial programs in all of the major scientific and engineering disciplines important to General Electric businesses. In addition, more than 100 laboratory activities assisted product operations.

"People" programs at GE include a major new effort to inform minority youths about technical careers. Shown: GE Sales Engineer Lyman Lewis with Brooklyn youths. Opportunities for women are exemplified by Cornelia Weakland, an engineer at the GE Flight Test Center, and Coleen Fuerst, environmental protection engineer.



To protect the environment: Appliance Park's Ferrous Casting Facility recycles steel scrap and Bridgeport's Health Environment Laboratory studies effects of industrial contaminants. Research and Development Center activities place a high priority on energy, such as work (right) on coal gasification to help extend fuel supplies.

Consumer

(In millions)

	1972	1971	1970	1969	1968
Sales	$2,782	$2,383	$1,969	$2,155	$2,153
Net earnings	144	106	77	122	131

Representative products and services:
air conditioners, appliance service, broadcasting, clothes washers and dryers, dishwashers, lamps, personal and portable appliances, radio and television receivers, ranges, refrigerators, stereo equipment and tape recorders.

Consumer goods and services were, as indicated by the symbol above at left, an early extension of General Electric's first consumer business—lighting. In 1972 they accounted for 24% of both the Company's total sales and total earnings. Of the five product categories of General Electric's business reviewed in this Report, the operations serving consumer markets set the pace during the year in terms of overall percentage gains in both sales and earnings.

Businesses in the Consumer Products Group were reviewed in a year-end analysis by Hicks B. Waldron, Vice President and Group Executive:

"Consumers began to show more confidence in the economic outlook during the last half of 1971. That upturn continued and strengthened in 1972. The Consumer Products Group had the innovations in lamps, housewares and home entertainment products to help General Electric capitalize on the year's good markets.

Lamps, the Company's oldest product line, reached an all-time high in results. Increases were realized by all four major lines—large, miniature, photo and H.I.D. (high-intensity-discharge) lamps such as Lucalox® for street lighting and other large-scale lighting tasks. New facilities were brought on

Hicks B. Waldron

GE lamp technology, tracing back to Edison, is kept expanding by developments such as "Plus 25" auto headlamps and FlashBar 10® photo lamps.

Porta Color® TV now features the greater dependability of all-solid-state circuitry. New tape music system is for four-channel sound.

General Electric housewares to meet changing life styles: hair styling products for personal grooming and new self-cleaning irons.

line to produce solid-state lamps—like transistors that give off light. They're already in demand for computers and have a great potential in automotive applications.

A boom year in sales of television receivers led the way for our businesses in home entertainment products. GE's sales increase for the year ran ahead of the industry's substantial growth. Good gains were also made in radios, audio components and tape recorders.

Housewares sales were up, with continuing gains expected in 1973. The business has gained a new competitive momentum.This has come partly through greater selectivity: we've made more funds available for investment in real growth lines by discontinuing product operations in vacuum cleaners, blenders, fans and heaters, which offered limited profit contribution and growth for General Electric. Another factor has been the successful introduction of products keyed to changing life styles and a younger population.

The Group is growing some promising services businesses. The General Electric Broadcasting Company achieved new levels of sales and earnings for the sixth consecutive year. Two other affiliates—General Electric Cablevision Corporation and Tomorrow Entertainment, Inc.—represent futures businesses in which General Electric is investing for their long-term potential.❞

Stanley C. Gault

In a review of the Major Appliance Group, Vice President and Group Executive Stanley C. Gault commented:

❝ With one exception all of our lines were very strong in 1972—a very good year for the industry. The exception, both for the industry and for General Electric, was in room air conditioners, which were adversely affected by a third consecutive cool summer. Otherwise a number of favorable factors came together to make this a major growth year:

• The public increased its spending on consumer durables. Our General Electric and Hotpoint lines both shared in the growth.

• The high level of housing construction led to a sharp increase in our contract sales to builders—an area of particular strength for General Electric—and favorably influenced other areas, such as our sales of central air conditioners.

• Past years' investments in facilities expansion, including major new range and air conditioning plants at Appliance Park-East in Columbia, Md., gave us the physical capability to meet the year's increased demands.

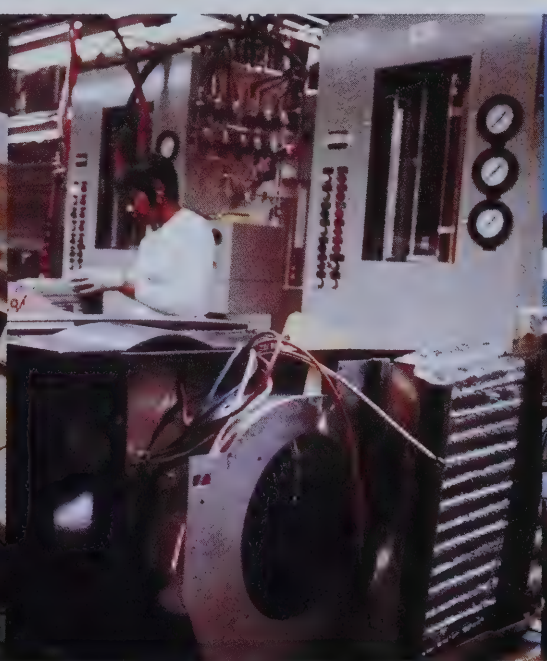
• Similarly, earlier investments in our distribution system and particularly in improving our 'Customer Care...Everywhere'® product service network enable us not only to supply high-quality products but also supporting services that are superior to those of any other manufacturer. Our Company-owned service centers now number 106.

• The most important factor was customer acceptance of General Electric appliance product values. We're supplying the conveniences that homemakers want.

As to the future: we expect appliance markets to continue to improve in 1973 despite a possible slowing in residential construction. Over the next ten years we're planning for substantial increases in the Company's major appliance business. Costs of plant expansion, however, will have less impact on earnings growth. We have put behind us the time when it was necessary to build three major facilities at the same time at Appliance Park-East. Now we plan to take them one at a time. Work is already underway on the next phase of our ten-year construction program—Home Laundry's facility, to be completed in 1975.❞

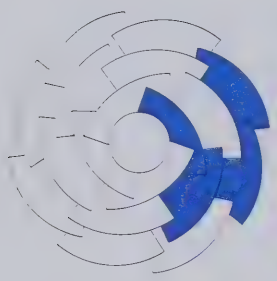
In this "kitchen ideal" are the most-wanted features specified by a National Association of Home Builders auxiliary panel. Included: two GE built-in self-cleaning ovens, side-by-side refrigerator-freezer, Pot Scrubber® dishwasher, Disposall® food waste disposer, trash compactor, plus GE housewares such as a Toast-R-Oven® toaster.

The Hotpoint® "Lady Executive" washer offers new options in wash cycles and automatic dispensing of detergents and bleaches.



Expansion in major appliance facilities includes the air conditioning plant at Appliance Park-East, Columbia, Md.

By the end of 1972 the "Customer Care... Everywhere" network had expanded to 106 factory service centers nationwide.



Industrial Power Equipment

(In millions)

	1972	1971	1970	1969	1968
Sales	$2,249	$2,131	$1,880	$1,474	$1,521
Net earnings	120	114	87	—11	11

Representative products and services:
gas turbines, installation and service engineering, insulators, marine turbines and gears, mechanical drive turbines, meters, nuclear power reactors and fuel, power circuit breakers, steam turbine-generators, switchgear, transformers and other power apparatus for industry.

Businesses producing power equipment, growing out of the original need to supply power for lighting, accounted for 20% of total sales by General Electric in 1972 and 20% of earnings. Areas of particular strength included power generation apparatus and marine propulsion systems. The power delivery business experienced continued pressures in electrical transmission and industrial markets, while sales of electrical distribution equipment and lighting systems strengthened.

Commenting on businesses comprising the Power Generation Group, Vice President and Group Executive Thomas O. Paine emphasized these points: "In view of increasing worldwide needs for energy, the most important aspect for us in 1972 was the steady increase in shipments of General Electric apparatus to generate clean electric power. This ability to step up deliveries results largely from the Company's substantial investments in facilities in recent years. As an example of what the Power Generation Group is doing to help utilities meet summer peak loads, we placed in service, from January through July 1972, more large steam turbine-generator capacity than in the entire preceding year or any other year.

Thomas O. Paine

Interest in GE's technology in heavy-duty gas turbines for power generation is growing worldwide—including a very active interest among Eastern European countries. A promising application is in barge-mounted units. Two more barges, each housing eight gas turbines, were delivered during 1972 to supply power to New York City.

The combination of gas and steam turbines, which we call STAG (for STeam And Gas), enjoyed a sharp upsurge of orders in 1972. STAG® combined-cycle generating plants improve efficiencies by using the exhaust heat from gas turbines to make steam for steam turbines.

General Electric turbines also provide power for other industries. One example is turbine propulsion for ships. Another is the use of our mechanical drive turbines in gas liquefaction. More than half the world's steam turbine horsepower for the liquefaction of natural gas is from GE units.

Introduction of the BWR/6 highlighted the year's nuclear business. This advanced boiling water reactor and a related new containment system for nuclear-fueled generating plants further increase their high margins for reliability and safety while reducing capital costs by as much as $26 million per plant. Our utility customers responded by giving us, late in 1972, the biggest rush of new orders in the industry's history. The 18 new commitments in 1972 raised to 82 the total number of GE-equipped nuclear plants completed or on order.

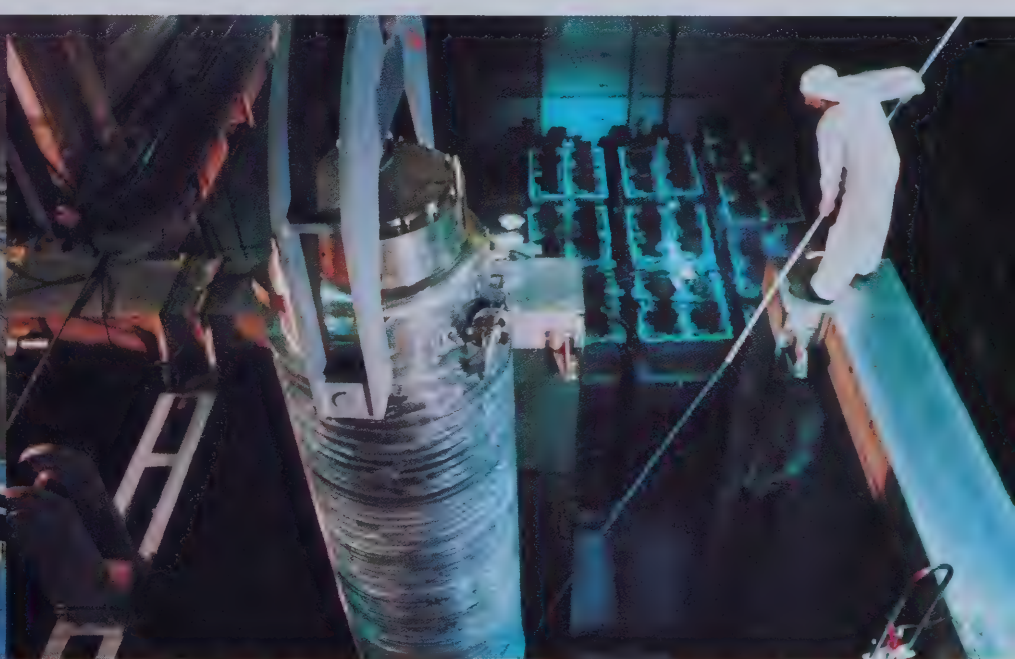
Much of our future is already on the books. Of the Company's $11 billion orders backlog, some $7.5 billion is in power generation equipment.

The percentage of GE products going into the newer forms of generating plants such as nuclear and STAG systems is substantially greater than has gone into conventional fossil-fueled plants. Our potential revenue base in a nuclear plant, for example, is some six times that of a fossil plant

Energy needs in 1972 brought a record GE response: shipment of 19 million kilowatts of capacity in large steam turbine-generators.

Turbines for ship propulsion, a technology GE launched, is now a major business. Shown: first of eight new GE-powered containerships.

In gas turbines for power generation, General Electric remains the leader in a technology it pioneered. Above: TVA complex of GE units.



A 1972 highlight in nuclear energy: completion of the Midwest Fuel Recovery Plant in Morris, Ill. The plant has orders that extend to 1985.

because we can supply the reactor, the fuel and fuel re-loads as well as turbine-generators and their auxiliary equipment.

We passed a milestone in 1972—the completion of construction of the Company's unprofitable 'turnkey,' or complete-plant, nuclear projects.❞

General Electric's involvement in litigation with utility customers includes a suit filed in 1971 by Jersey Central Power and Light Company claiming damages allegedly attributable to delayed completion of the Oyster Creek turnkey nuclear generating station. General Electric is contesting these claims on the grounds that the delays were legally excusable and that the damages claimed are of a type not recoverable under the contract. There are substantial unresolved customer claims involving several other nuclear plants. The principal issue is who should bear the economic risk of meeting newly imposed environmental protection requirements under the terms of the applicable contracts. It is General Electric's position that such risks should be borne by the user rather than by the supplier of the equipment.

The suit filed in 1971 by the American Electric Power Company against General Electric's turbine pricing policies is in the pretrial discovery phase. A final decision is unlikely until the late 1970's. Based on the existing state of the law, General Electric is confident it can sustain its position; the outcome is, of course, subject to the inevitable uncertainties of litigation.

General Electric has received, through 1972, nuclear fuel orders totaling $1.5 billion for delivery through 1983. The Company's customers have required that fuel be sold with warranties related to fuel life span. Experience with fuel life is still not sufficient to assure how the fuel will perform in comparison with warranties.

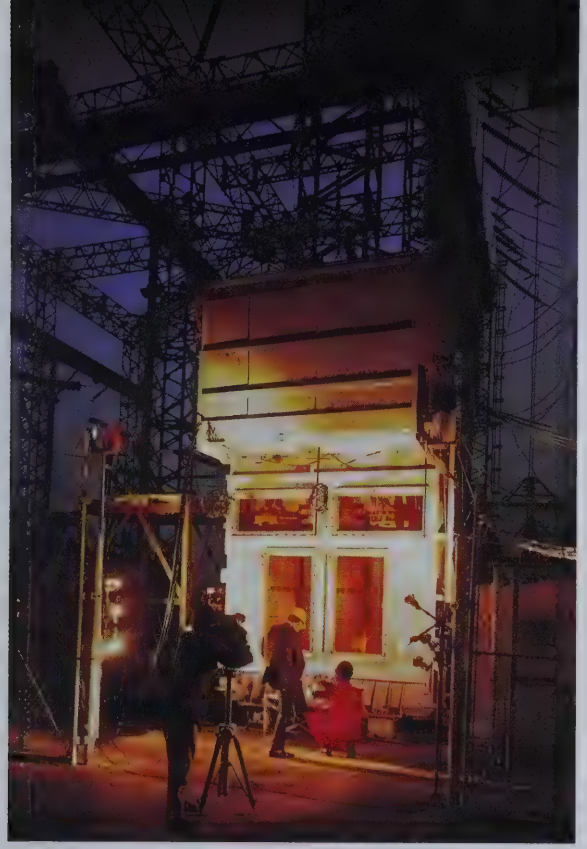
1972 operations of the Power Delivery Group were reviewed by Vice President and Group Executive Arthur E. Peltosalo:

❝ Sales of power delivery equipment in 1972 were down somewhat from 1971, resulting from a near-balance between two relatively strong sectors and two that continued to be depressed. Specifically—

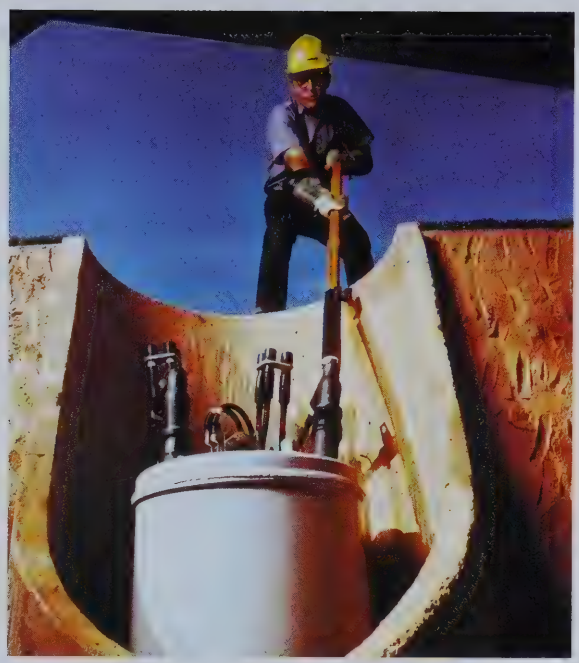
• Electrical distribution sales strengthened as utilities moved to keep pace with the greater numbers of new homes requiring electrical service. Another positive factor is the drive that many utilities are making to put more of their distribution systems underground. The proportion of new distribution equipment going underground in 1972 was over 20%, compared with 2% in 1963.

• Lighting systems, such as those used in street lighting, sports stadiums and other large lighting projects, had another year of growth. An important factor for us is the heightened community interest in good lighting as an ally in reducing crime, cutting nighttime traffic accidents and enhancing the quality of life. Our lighting systems products benefit from the technological advances in light sources produced by the Company's lamp operations.

• Electrical transmission sales were down somewhat from 1971, and price levels in these sales reflected the strong price pressure that had been experienced in the previous two years. Electric utilities are turning more attention toward increasing the capacity of their transmission systems following a substantial expansion of their generation capability. This transmission emphasis should have a beneficial effect on demand for our products serving this market. Price levels of orders for most lines firmed during 1972, a trend we expect will continue into 1973. Offshore suppliers' participation in orders for high voltage power transformers and power circuit breakers was at the lowest level in several years.



Movie-recorded short-circuit test at Philadelphia's High Power Laboratory reflects General Electric's drive for power transmission leadership.



Utility planners can witness demonstration of all types of underground equipment at GE's Hickory, N. C., Underground Distribution Center.

A glittering example of GE's expanding lighting systems business is the spacious Harry S. Truman Sports Complex at Kansas City.

• Industrial markets that we serve with switchgear and related equipment were characterized by strong competition that affected both volume and price levels. We believe this situation bottomed out in 1972 and expect this business to improve as the strengthening U.S. economy requires increased expansion of its industrial capability.

The Power Delivery Group is taking action to improve its operations and earnings performance. We have put in place management teams that have the high technical competence to help utility customers in solving their power delivery problems. We have also been giving a great deal of emphasis to upgrading our technology and building product leadership across the board, so that when customers order more of our types of equipment we will have superior products to offer.”

Arthur E. Peltosalo

Industrial Components and Systems

(In millions)

	1972	1971	1970	1969	1968
Sales	$3,158	$2,865	$2,848	$2,774	$2,644
Net earnings	160	141	97	98	120

Representative products and services: adjustable and constant-speed drives, ballasts, batteries, capacitors, communication systems, computer time-sharing, controls, electric motors, electronic tubes, equipment service, industrial heating, insulating materials, medical systems, plastics, process computers, silicones, transporation systems, wire and cable and wiring devices.

The businesses that make this category the largest contributor to Company results accounted for 27% of 1972 total sales and 27% of General Electric's earnings. A number of operations experienced rapid growth in 1972 while others, particularly those serving heavy industry, remained sluggish, with strong adverse pressures on price levels.

Operations of the Components and Materials Group were reported by Vice President and Group Executive Reuben Gutoff:

"The Group's operations made good sales gains in all four main product areas. The key aspect was maintaining high investment rates in major growth lines and improving net earnings at the same time. This was accomplished through a heavy emphasis on strategic planning actions—specifically, the allocation of greater resources to leadership lines made possible by closing out what were, for GE, marginal operations. To cover our main bases:

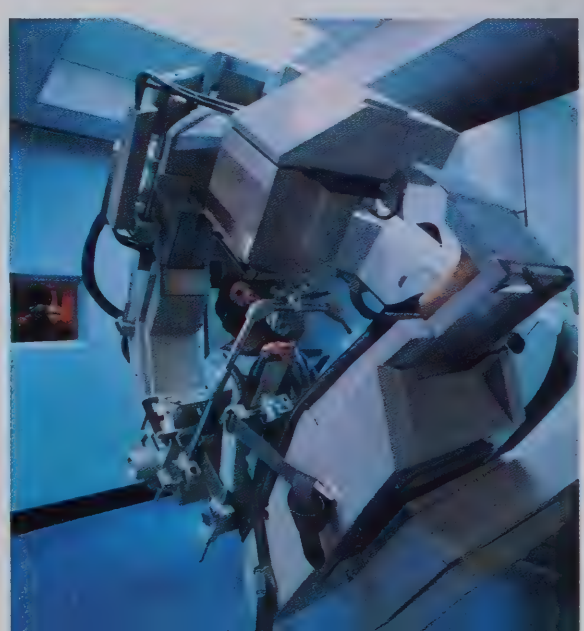
• In appliance components the substantial business we've built in supplying electric motors, controls and other components to many manufacturers shared in the appliance industry's very good year.

Reuben Gutoff

X-ray advances from tungsten research have led to medical systems such as the Neurotome® system for neurological diagnosis.

Early research to develop better electrical insulating materials has led to major businesses in silicone chemicals and engineering plastics.

Components once built solely for use in GE products now are sold to many manufacturers. Shown: Form V appliance motors.



• In high-performance materials, GE is a leader in the worldwide materials revolution. Our plastics—Lexan,® Noryl,® Genal® and Valox® — are being specified more and more by design engineers for metals substitution and, in the case of Lexan sheet material, as a substitute for glass where breakage is a problem. In abrasive materials, Borazon® CBN (cubic boron nitride) has emerged as a strong supplement to our business in Man-made® industrial diamonds, especially for grinding hardened steels.
• In medical systems the big story is our new facility now under construction near Milwaukee. It will increase production capacity by 50%. We need it to keep up with our growth in the variety of medical systems that have been developed outward from the original core technology of x-ray.
• In electronic components, both sales and profits improved. Growth in products such as semiconductors and nickel-cadmium batteries for portable calculators and garden tools complemented our withdrawal from the integrated circuits business.”

Reviewing 1972 operations of the Industrial Group, Robert B. Kurtz, Vice President and Group Executive, commented:

Robert B. Kurtz

“For our operations serving construction markets it was a good sales year. We supply the electrical contractor with circuit protective devices—circuit breakers, for example—and with wiring devices such as receptacles, switches and the like. The year’s high levels of residential construction activity enabled these operations to turn in very satisfactory performance.

For operations supplying manufacturing industries, sales were down somewhat from 1971 levels. With industry in general utilizing only some three-quarters of its production capacity, markets for installation of large automation equipment were depressed. By year end 1972, however, the nation’s industrial production index showed a definite increase as potential customers began to prepare for a more prosperous economy.

Some of the components we supply to original

Growth in nuclear plants opens up many opportunities for GE products—for example, big motors for coolant pumps.

The Logitrol® Programmable Controller is one of GE’s contributions to help industry improve productivity.

Motor starters, control centers and other industrial components get precise evaluation at Bloomington, Ill., Test Laboratory.

equipment manufacturers began to pick up. General purpose controls, for example, began to respond to rising orders for machine tools. Changes required in environmental protection brought new business to our industrial heating operation—it's busy turning out small anti-pollution heating devices for automobile carburetors.

An area of growing strength is in industrial service shops. General Electric has demonstrated a special capability for these repair services. Considered for years a necessary adjunct to our industrial businesses, service shops have come into their own as profit-makers. Our growing worldwide organization has facilities in major industrial areas in the United States and in many countries overseas repairing products varying from turbines and locomotives to delicate instruments. ❞

The Special Systems and Products Group's 1972 highlights were summarized by Thomas A. Vanderslice, Vice President and Group Executive:

❝ Newly formed in 1972, this Group brings together a number of General Electric businesses whose primary focus is on the services sector, either directly by providing services or indirectly by supplying the hardware needed by services. By this dual approach we tapped into a good share of the 1972 growth of this sector of the economy.

We operate the world's largest computer time-sharing information service. Profitability increased in 1972 even while our operation expanded rapidly as a worldwide business. Through satellite links it now serves customers in Europe as well as throughout the U.S. and Canada, and will soon serve customers in Japan and Mexico.

The Group's communication systems business enjoyed a good growth year from supplying the hardware—terminals for computer networks, mobile radio, microwave systems—needed by many types of services in this fast-growing sector.

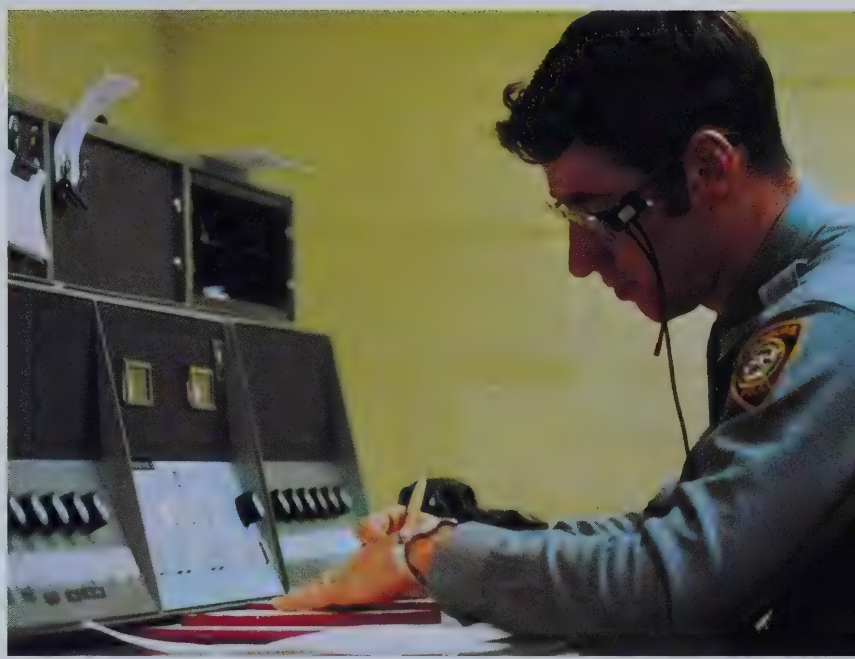
We have enlarged our role as a supplier to rail transportation services. Building on our business in electrical controls and propulsion equipment for mass transit cars, we have taken on the role of prime contractor for the whole car. With the new Transit Systems Building and Transportation Technology Center in operation in Erie, Pa., General Electric has the capacity to develop and build the advanced mass transit systems which some 35 U.S. cities have under active study. This new role in transit systems supplements our long-established business in locomotives. Exports, aided by supporting manufacture at GE operations in Brazil and South Africa, supplied a healthy addition to our domestic locomotive sales in 1972.

Still another service industry General Electric supplies is food service. We have a successful business in developing and producing commercial kitchen equipment for restaurants, cafeterias and the like. ❞

Thomas A. Vanderslice

GE's computer time-sharing services are used in such problem-solving ways as helping architects design Atlanta's Omni Auditorium roof.

GE TermiNet® terminals for remote use of computers are used at the University of Virginia to compute taxes as a community service.



Police departments across the country increasingly are utilizing the latest GE mobile radio equipment to serve the public and help reduce crime.

General Electric's Erie, Pa., facilities had a busy year building diesel-electric locomotives as well as mass transit commuter cars.

Aerospace

(In millions)

	1972	1971	1970	1969	1968
Sales	$1,514	$1,623	$1,666	$1,688	$1,747
Net earnings	27	37	26	15	40

Representative products and services: aerospace instruments, aircraft jet engines, armament systems, flight controls, missile re-entry systems, product service, radar and space flight systems.

Gerhard Neumann

General Electric's aerospace businesses—primarily jet engines and space equipment—made up 13% of total sales and 5% of earnings in 1972. Sales of defense-related products continued a downward trend, only partially offset by increased sales of commercial aircraft engines. The marked decline in earnings from the 1971 level reflects the higher margins achieved in 1971 as a result of completing certain military engine programs.

The Aircraft Engine Group's 1972 operations were analyzed by Vice President and Group Executive Gerhard Neumann:

"The Group's biggest accomplishment for the share owners in 1972 was to stay profitable while charging off the costs of concurrently developing both continental and intercontinental versions of our CF6 engine for commercial aircraft.

The CF6 went into widespread airline service as the powerplant for the McDonnell Douglas DC-10 Trijet. There were 63 DC-10's in service at year end, and orders had been received from 25 airlines.

Our CF6 is also the powerplant for the European A300B wide-bodied transport, which had its first flight in October (as pictured on the back cover).

A development with new potential for us is Boeing's decision to apply the CF6 to its 747 aircraft.

The current pickup in executive jet aircraft using our engines also brightens the Group's outlook.

The result of these developments is to give GE a strong position in commercial aircraft markets.

Experience in steam turbine technology helped GE build the engine for the first U.S. jet plane, now on exhibit at Dayton's Air Force Museum.

The quiet, smoke-free CF6 jet engine has helped the Company establish a strong position in the commercial aircraft engine market.

In military aircraft engines the main events included successful first operation of the TF34 engine for the Navy's new anti-submarine-warfare plane, and progress in two competitions—engines for the Light Weight Fighter and for a new ground support aircraft.

Also, we shipped the first of our LM2500 marine engines for the Navy's new Spruance-class destroyers. This marine powerplant has been specified for other Navy craft and is being considered for commercial shipping.❞

Aerospace Group Operations in 1972 were summed up by Vice President and Group Executive Mark Morton:

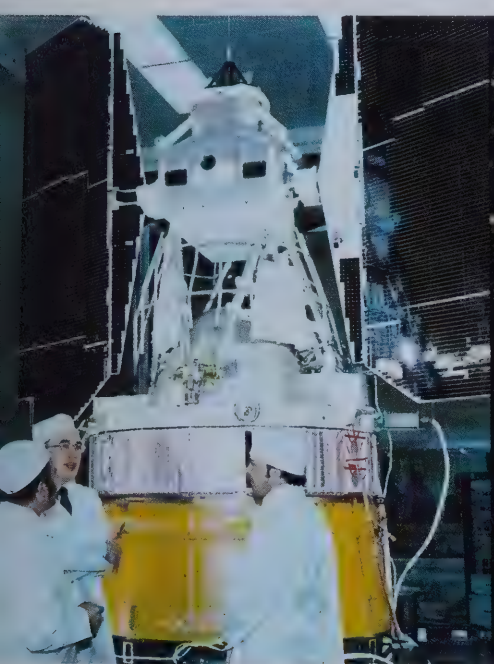
❝ Civilian projects provided the highlights for this Group in 1972. These projects took two forms. One was civilian-oriented space work conducted for the National Aeronautics and Space Administration—above all, the highly successful performances of the GE-built Earth Resources Technology Satellite and Nimbus Weather Satellite, and our prime contractor role on the historic Apollo XVII flight. The other dimension was in 'spin-offs,' by which we are seeking to apply space technologies toward the solution of societal problems. As examples—

• In modular housing the Group has adapted space-tested materials and techniques in modules for military-base housing and in apartment complexes for Government-funded projects. We've made agreements to apply these techniques overseas.

• Experienced in military communications using special satellites, the Group has developed a communications satellite ground station for commercial space-to-ground links.

These civilian projects, important in themselves, also represent the Group's efforts to take up the slack resulting from current low cycles of work on national security and space projects. We're continuing to conduct large defense programs in radar, sonar, avionics, re-entry systems and missile fire control and guidance systems.❞

Mark Morton



From developing re-entry systems for early space vehicles, GE has gone on to such projects as NASA's Earth Resources Technology Satellite.

Applying space technology to help solve earth-bound problems, GE has built modular housing for such government projects as this one at Nashua, N. H.

International

(In millions)

	1972	1971	1970	1969	1968
Sales	$1,830	$1,584	$1,393	$1,201	$1,154
Net earnings	99	86	66	48	33

This category includes exports from the U. S. to customers and the operations of diversified affiliates in such countries as Australia, Brazil, Canada, Italy, Mexico, Spain and Venezuela. Operations of nondiversified foreign affiliates are included in their appropriate category.

International operations accounted for 16% of the Company's sales and 17% of earnings. In a year-end analysis of the International and Canadian Group, Edward E. Hood, Jr., Vice President and Group Executive, made these points:

"Applying General Electric's technologies on a worldwide basis, the Group reached new highs in 1972 both in U.S. exports and in results from overseas affiliates. This performance had important overtones. It made a substantial contribution to the U.S. balance of trade. It enabled share owners to participate in many world economies whose growth rates exceed those of the U.S. And it demonstrated the vital contribution that world trade makes to U.S. jobs.

An increasing amount of U.S. exports such as locomotive components and TV picture tubes results from interaction of U.S. operations with affiliates of General Electric's world system. A high volume of exports of gas turbine and ship propulsion components also resulted from agreements in which U.S. plants supply major parts of a product to overseas manufacturers who complete the product, test it and deliver it to the customer. Export orders continued at a high level and included selection of GE's BWR/6 for Mexico's first nuclear power plant.

Edward E. Hood, Jr.

General Electric supplied a record volume of U.S. exports in 1972, including propulsion equipment and other large apparatus for world shipping.

Service for offshore industries was expanded by four new Service Shops on three continents, including one shown, in Belo Horizonte, Brazil.

Canadian GE generators and turbines help make Labrador's Churchill Falls one of the largest single-site producers of electricity in the world.

Sales by Canadian General Electric Company Limited passed the half-billion mark, and its earnings were at an all-time high. The Canadian Company and the Power Delivery Group combined technical resources to produce the world's first all-solid-state, high-voltage DC converter station at Eel River in New Brunswick that went on line this year to link two of Canada's major power systems.

Substantial gains in sales were also made by other manufacturing affiliates including those in Latin America, Europe and the Far East.

An agreement signed by General Electric and the Soviet Union provides for general scientific and technical cooperation in fields of mutual interest through exchange of specialists, information and production samples, joint research and development programs and interchange of 'know-how.'

GE Credit Corporation's services include leasing information systems like the one used by Illinois Central Gulf Railroad in Chicago.

General Electric Credit Corporation

(In millions)

	1972	1971	1970	1969	1968
Net earnings	**$41**	**$31**	**$20**	**$15**	**$15**

General Electric Credit Corporation contributed 7% of Company earnings in 1972. Its earnings of $41 million represented an increase of about one-third over the 1971 total of $31 million. This wholly-owned nonconsolidated affiliate has steadily expanded from its original base in GE consumer goods financing and has become a broad-based, widely diversified financial service business. Its nine divisions serve a range of customers from heavy goods to the retail industry. The majority of products financed by GECC are manufactured by companies other than General Electric.

1972 Financial Summary

This summary comments on significant items in the consolidated financial statements on pages 25, 26 and 27, generally in the same order as they appear in those statements.

As an aid to readers of this Report in the evaluation of the data in this Financial Summary, accounting and reporting principles and policies followed by General Electric are printed in blue.

Consolidated financial statements and accompanying schedules in this Report include a consolidation of the accounts of the Parent—General Electric Company—and those of all majority-owned affiliates (except finance affiliates whose operations are not similar to those of the consolidated group). All significant items relating to transactions between the Parent and affiliated companies are eliminated from consolidated statements.

Except for fixed assets and accumulated depreciation, assets and liabilities of foreign affiliates are translated into U.S. dollars at year-end exchange rates, and income and expense items are translated at average rates prevailing during the year. Fixed assets and accumulated depreciation are translated at rates in effect at dates of acquisition of the assets.

Net earnings include the net income of finance affiliates and the consolidated group's share of earnings of associated companies which are not consolidated but in which the group owns 20% (approximately 50% in 1971) or more of the voting stock. There was no significant effect on 1972 earnings as the result of changing the definition of associated companies during the year.

During 1972, net earnings amounted to $530.0 million compared with prior year earnings of $471.8 million. Earnings per common share were $2.91 in 1972 compared with $2.60 in 1971. Fully diluted earnings per common share, which would result from the potential exercise or conversion of such items as stock options and convertible debt outstanding, were $2.87 in 1972 and $2.57 in 1971.

Sales of products and services to customers are reported in operating results only as title to products passes to the customer and as services are performed as contracted.

Sales in 1972 totaled $10,239.5 million, an increase of 9% over the 1971 record level. Sales and net earnings attributable to each of the Company's major categories are summarized on page 3.

Other income amounted to $189.2 million in 1972, an increase of $37.2 million over 1971. Significant items included in other income are shown in the left margin.

Net earnings of General Electric Credit Corporation amounted to $41.1 million in 1972, an increase of 33% over 1971. Condensed financial statements for the Credit Corporation are on page 30.

During 1972, the Company sold 370,000 shares of Honeywell Inc. common stock resulting in a gain of $29.5 million ($20.7 million after taxes). Sales of 375,000 shares of Honeywell Inc. common stock during 1971 resulted in a gain of $11.0 million ($7.7 million after taxes).

Costs are classified in the statement of current earnings according to the principal types of costs incurred. Operating costs, excluding interest and income taxes, classified as they will be reported to the Securities and Exchange Commission, were: cost of goods sold of $7,509.6 million in 1972 and $6,962.1 million in

(continued on page 28)

Other income		*(In millions)*
	1972	**1971**
Net earnings of the Credit Corporation	$ 41.1	$ 30.9
Income from:		
Customer financing	26.8	29.8
Royalty and technical agreements	30.2	31.9
Marketable securities and bank deposits	19.1	10.4
Other investments	31.8	24.9
Sale of Honeywell stock	29.5	11.0
Other sundry income	10.7	13.1
	$189.2	$152.0

Statement of Current and Retained Earnings

General Electric Company and consolidated affiliates *(In millions)*

For the year	1972	1971
Sales of products and services to customers	$10,239.5	$9,425.3
Other income	189.2	152.0
	10,428.7	9,577.3
Costs		
Employee compensation, including benefits	4,168.4	3,885.3
Materials, supplies, services and other costs	4,973.1	4,484.0
Depreciation	314.3	273.6
Taxes, except those on income	116.3	101.8
Interest and other financial charges	106.7	96.9
Provision for income taxes	364.1	317.1
Deduct increase in inventories during the year	(147.3)	(56.4)
	9,895.6	9,102.3
Earnings before interest of other share owners	533.1	475.0
Deduct interest of other share owners in net results of affiliates	(3.1)	(3.2)
Net earnings applicable to common stock	530.0	471.8
Deduct dividends declared	(254.8)	(249.7)
Amount added to retained earnings	275.2	222.1
Retained earnings at January 1	2,096.2	1,874.1
Retained earnings at December 31	$ 2,371.4	$2,096.2
Earnings per common share *(In dollars)*	$2.91	$2.60
Dividends declared per common share *(In dollars)*	$1.40	$1.38

The 1972 Financial Summary beginning on page 24 and ending on page 33 is an integral part of this statement.

Statement of Financial Position

General Electric Company and consolidated affiliates *(In millions)*

December 31	1972	1971
Assets		
Cash	$ 267.0	$ 250.1
Marketable securities	27.3	35.9
Current receivables	1,926.0	1,741.3
Inventories	1,759.0	1,611.7
Current assets	3,979.3	3,639.0
Investments	754.9	714.3
Plant and equipment	2,136.6	2,025.7
Other assets	531.0	508.8
Total assets	$7,401.8	$6,887.8
Liabilities and equity		
Short-term borrowings	$ 439.4	$ 569.8
Accounts payable	558.1	454.6
Progress collections and price adjustments accrued	624.2	656.5
Dividends payable	63.7	63.6
Taxes accrued	308.6	331.5
Other costs and expenses accrued	875.7	764.4
Current liabilities	2,869.7	2,840.4
Long-term borrowings	947.3	787.3
Other liabilities	275.8	255.1
Miscellaneous reserves	181.0	160.8
Total liabilities	4,273.8	4,043.6
Interest of other share owners in equity of affiliates	43.4	42.4
Preferred stock	—	—
Common stock	463.1	462.3
Amounts received for stock in excess of par value	396.6	368.8
Retained earnings	2,371.4	2,096.2
	3,231.1	2,927.3
Deduct common stock held in treasury	(146.5)	(125.5)
Total share owners' equity	3,084.6	2,801.8
Total liabilities and equity	$7,401.8	$6,887.8

The 1972 Financial Summary beginning on page 24 and ending on page 33 is an integral part of this statement.

Statement of Changes in Financial Position

General Electric Company and consolidated affiliates

(In millions)

For the year	1972	1971
Source of funds:		
From operations:		
Net earnings	$ 530.0	$ 471.8
Depreciation	314.3	273.6
U.S. Federal income tax timing differences	(21.0)	19.9
Earnings of the Credit Corporation less dividends paid	(8.1)	(6.9)
	815.2	758.4
Major domestic long-term borrowings	125.0	200.0
Overseas Capital Corporation long-term borrowings	50.8	28.0
Increase in other long-term borrowings—net	5.3	14.0
Newly-issued common stock	13.4	30.4
Total source of funds	1,009.7	1,030.8
Application of funds:		
Plant and equipment additions	435.9	553.1
Dividends declared	254.8	249.7
Reduction in major domestic long-term borrowings	17.2	23.7
Reduction in Overseas Capital Corporation long-term borrowings	3.9	4.5
Other—net	(13.1)	85.7
Total application of funds	698.7	916.7
Net increase in working capital	$ 311.0	$ 114.1
Analysis of changes in working capital		
Cash and marketable securities	$ 8.3	$ 80.2
Current receivables	184.7	167.6
Inventories	147.3	56.4
Short-term borrowings	130.4	88.3
Other payables	(159.7)	(278.4)
Net increase in working capital	$ 311.0	$ 114.1

The 1972 Financial Summary beginning on page 24 and ending on page 33 is an integral part of this statement.

(continued from page 24)

General Electric Pension Trust		(In millions)
Operating statement	**1972**	**1971**
Total assets at Jan. 1	$2,071.8	$1,891.9
Company contributions	102.2	91.0
Employee contributions	32.3	27.8
	134.5	118.8
Dividends, interest and sundry income	101.8	98.0
Common stock appreciation:		
Realized	44.8	6.6
Unrealized portion recognized	21.3	54.8
	66.1	61.4
Pensions paid	(107.1)	(98.3)
Total assets at Dec. 31	$2,267.1	$2,071.8
Financial position—Dec. 31		
Short-term investments	$ 180.3	$ 47.9
U. S. Government obligations and guarantees	60.1	63.4
Corporate bonds and notes	348.7	380.1
Real estate and mortgages	397.6	375.6
Common stocks & convertibles	1,211.1	1,127.7
Total investments	2,197.8	1,994.7
Other assets—net	69.3	77.1
Total assets	$2,267.1	$2,071.8
Funded liabilities:		
Liability to pensioners	$ 799.9	$ 720.0
Liability for pensions to participants not yet retired	1,467.2	1,351.8
Total funded liabilities	$2,267.1	$2,071.8

1971; and selling, general and administrative expenses of $1,915.2 million in 1972 and $1,726.2 million in 1971.

Employee compensation, including the cost of employee benefits, rose to a record level of $4,168.4 million in 1972.

General Electric Company and its affiliates have a number of pension plans. Substantially all employees in the United States who have completed one year of service are participating in the General Electric Pension Plan, the obligations of which are funded through the General Electric Pension Trust. Trust financial statements appear at the left.

Investments of the Pension Trust are carried at amortized cost plus unrealized appreciation recognized.

The funding program uses 6% as the estimated rate of future income which includes a provision for the systematic recognition of a portion of the unrealized appreciation in the common stock portfolio. This program has the objective of recognizing appreciation which, when added to cost, will result in a common stock book value approximating 80% of market value (consistent with Armed Services Procurement Regulations).

The actual earnings of the Trust, including the programmed recognition of appreciation, as a percentage of book value of the portfolio were 6.6% for 1972 and 6.8% for 1971.

Unfunded liabilities are being amortized over a twenty-year period and are estimated to be $323 million at December 31, 1972 based on book value of Trust assets compared with $325 million at the end of 1971. These amounts included unfunded vested liability of $239 million at December 31, 1972 and $247 million at December 31, 1971. The estimated market value exceeded book value of Trust assets by $693 million and $443 million at the end of 1972 and 1971, respectively.

Depreciation amounted to $314.3 million in 1972 and $273.6 million in 1971.

An accelerated depreciation method, based principally on a sum-of-the-years digits formula, is used to depreciate plant and equipment in the United States purchased in 1961 and subsequently. Assets purchased prior to 1961, and most assets outside the U.S., are depreciated on a straight-line basis. Special depreciation is provided where equipment may be subject to abnormal economic conditions or obsolescence.

Taxes, except those on income, totaled $116.3 million in 1972 and $101.8 million in 1971. These taxes were mainly franchise and property taxes. They exclude social security taxes which are included with employee benefits.

Interest and other financial charges increased to $106.7 million in 1972 from $96.9 million in 1971.

Provision for income taxes amounted to $364.1 million in 1972. Details of this amount are shown in the tabulation in the upper right margin on page 29.

Provision for U. S. Federal income taxes is computed using the comprehensive interperiod tax allocation method and is based on the income and costs included in the earnings statement shown on page 25.

The amount of U. S. Federal income taxes shown payable is determined by applicable statutes and Government regulations. The amounts shown as timing differences result from the fact that under these statutes and regulations some items of income and cost are not recognized in the same time period as good accounting practice requires them to be recorded.

The cumulative net effect of such differences has been that earnings on which tax payments have been required have been more than the earnings reported in the Company's Annual Reports. Accordingly, a deferred-tax asset has been established to record the reduction of future tax payments.

Provision has been made for Federal income taxes to be paid on that portion of the undistributed earnings of affiliates expected to be remitted to the Parent. Undistributed earnings of affiliates intended to be reinvested indefinitely in the affiliates totaled $252.0 million.

U.S. Federal income tax returns of the Parent have been settled through 1960.

The Company follows the practice of adding the investment credit to income over the life of the underlying facilities rather than in the year in which facilities are placed in service. The investment credit amounted to $20.4 million in 1972 compared with $12.2 million in the prior year. In 1972, $8.3 million was added to net earnings compared with $8.1 million in 1971. At the end of 1972, the amount still deferred and to be included in net earnings in future years was $59.8 million. If the Company had "flowed through" the investment credit, this amount would have been included in earnings during 1972 and prior years.

Renegotiation is a net provision for that portion of earnings on sales to the U.S. Government which may later be claimed by the Government.

Interest of other share owners in net results of affiliates represents the minority interest which other share owners have in net earnings and losses of consolidated affiliates not wholly owned by the Company. Variances in this account between periods result not only from changes in earnings of affiliates but also from changes in General Electric's percent of ownership in these affiliates.

Cash and marketable securities totaled $294.3 million at the end of 1972, an increase of $8.3 million during the year. Marketable securities are carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value.

Current receivables, less allowance for losses, totaled $1,926.0 million at December 31, 1972. The increase of $184.7 million or 11% during the year was due principally to the increase in sales in 1972. The allowance for losses applicable to current receivables amounted to $51.1 million at December 31, 1972 and $47.4 million at the end of 1971. Long-term receivables less allowance for losses are reported under other assets.

Inventories are summarized at the right. Inventories at the end of 1972 were $1,759.0 million compared with $1,611.7 million at December 31, 1971. Inventories in the United States are substantially all valued on a last-in, first-out (LIFO) basis, and substantially all those outside the U.S. are valued on a first-in, first-out (FIFO) basis. Such valuations are not in excess of market and are based on cost, exclusive of certain indirect manufacturing expenses and profits on sales between the Parent and affiliated companies. The LIFO basis values inventories conservatively during inflationary times, and on a FIFO basis the year-end 1972 inventories would have been $304.1 million in excess of this valuation. This excess increased $31.3 million during 1972 and $27.6 million during 1971.

Working capital (current assets less current liabilities) totaled $1,109.6 million, an increase of $311.0 million during 1972. The Statement of Changes in Financial Position on page 27 provides a summary of major sources and applications of funds as well as an analysis of changes in working capital.

Provision for income taxes *(In millions)*

	1972	1971
U.S. Federal income taxes:		
Estimated amount payable	$315.3	$256.4
Effect of timing differences	(21.0)	19.9
Investment credit deferred—net	12.1	4.1
	306.4	280.4
Other income taxes and renegotiation	57.7	36.7
	$364.1	$317.1

Inventories *(In millions)*

December 31	1972	1971
Raw materials and work in process	$1,097.2	$1,002.5
Finished goods	573.8	505.4
Unbilled shipments	88.0	103.8
	$1,759.0	$1,611.7

Investments amounted to $754.9 million at the end of 1972 as shown at left.

Investments in finance affiliates are carried at equity plus advances. Investment in General Electric Credit Corporation, a wholly-owned nonconsolidated finance affiliate, amounted to $275.8 million at the end of 1972 and $232.7 million at the end of 1971.

Condensed financial statements for the General Electric Credit Corporation and its consolidated affiliates are shown in the left margin. Copies of the 1972 Annual Report for the Credit Corporation may be obtained by writing to General Electric Credit Corporation, P.O. Box 8300, Stamford, Conn. 06904.

The Credit Corporation's net receivables rose to $2,648.3 million at December 31, 1972, an increase of 17% during the year. Experience indicates that approximately 48% of the Credit Corporation's receivables outstanding at December 31, 1972 would be collected within one year. The comparable percentage at the end of 1971 was 50%.

Investments in the securities of Honeywell Inc. and Honeywell Information Systems Inc. (HIS), a subsidiary of Honeywell, are recorded at appraised fair value as of date of acquisition, October 1, 1970, when the information systems equipment business was transferred to HIS. The appraised fair value recognized such factors as the size of the holdings, the various requirements and restrictions on the timing of the sale or other disposition of the securities, as well as the uncertainty of future events.

At December 31, 1970, these securities included 1,500,000 shares of Honeywell common stock; $110.0 million principal amount of 9⅛% subordinated notes due 1975 and 1977 of Honeywell; and common shares representing an 18½% ownership in HIS.

During 1971, Honeywell exercised its option to prepay the $110.0 million of subordinated notes through the issuance to General Electric of 1,025,432 shares of Honeywell common stock. The shares received are carried at amounts assigned to the notes redeemed including interest imputed during the period held.

General Electric sold 370,000 shares of Honeywell common stock in 1972 and 375,000 shares in 1971.

At December 31, 1972, General Electric held 1,780,432 shares of Honeywell common stock compared with 2,150,432 shares at December 31, 1971. Based on closing year-end market prices for the respective years, the 1972 shares would have been valued at $245.7 million and the 1971 shares would have been valued at $286.8 million. General Electric continued to hold the 18½% ownership in HIS.

During 1975 through 1980, Honeywell has the option to purchase from General Electric, and General Electric has the option to require Honeywell to purchase, General Electric's interest in HIS. Payment would be in Honeywell common stock. General Electric has agreed that if the U.S. Attorney General so requests, it shall, prior to the end of 1980, exercise its option to require Honeywell to purchase General Electric's interest in HIS. General Electric has committed to the United States Department of Justice to dispose of current holdings of Honeywell common stock in stages by June 30, 1978, and all other shares of Honeywell common stock received for General Electric's interest in HIS by December 31, 1980.

A voting trust has been established in which General Electric must deposit all shares of Honeywell common stock received as part of this transaction.

Investments *(In millions)*

December 31	1972	1971
Nonconsolidated finance affiliates	$277.6	$234.1
Honeywell Inc. and Honeywell Information Systems Inc.	167.3	195.3
Associated companies	47.7	21.7
Miscellaneous investments	274.6	274.3
Allowance for losses	(12.3)	(11.1)
	$754.9	$714.3

General Electric Credit Corporation

Financial position *(In millions)*

December 31	1972	1971
Cash and marketable securities	$ 120.9	$ 80.0
Receivables	3,032.1	2,573.2
Deferred income	(313.8)	(255.4)
Reserves for losses	(70.0)	(56.2)
Net receivables	2,648.3	2,261.6
Other assets	20.3	17.1
Total assets	$2,789.5	$2,358.7
Notes payable:		
Due within one year	$1,271.6	$1,324.1
Long-term—senior	738.1	415.2
—subordinated	205.5	194.7
Other liabilities	314.3	192.8
Total liabilities	2,529.5	2,126.8
Capital stock	110.0	90.0
Retained earnings	150.0	141.9
Equity	260.0	231.9
Total liabilities and equity	$2,789.5	$2,358.7

Current and retained earnings *(In millions)*

For the year	1972	1971
Earned income	$ 319.8	$ 280.0
Expenses:		
Operating and administrative	102.0	83.1
Interest and discount	108.5	99.8
Provision for receivable losses	35.9	40.4
Provision for income taxes	32.3	25.8
	278.7	249.1
Net earnings	41.1	30.9
Deduct dividends	(33.0)	(24.0)
Retained earnings at January 1	141.9	135.0
Retained earnings at December 31	$ 150.0	$ 141.9

Investments in associated companies which are not consolidated but in which the Company owns 20% (approximately 50% in 1971) or more of the voting stock are valued by the equity method.

Miscellaneous investments are valued at cost. On December 31, 1972, the estimated realizable value of these investments was approximately $370 million, an increase of $50 million during the year.

Plant and equipment represents the original cost of land, buildings and equipment less estimated cost consumed by wear and obsolescence.

Details of plant and equipment and accumulated depreciation are shown in the table at upper right. Plant additions were lower in 1972 than in 1971 principally as a result of completion of the first of several phases of construction in connection with the expansion of major appliance facilities and lower construction levels for engineering plastics facilities.

Other assets, less allowance for losses of $16.5 million ($14.6 million at December 31, 1971), totaled $531.0 million at December 31, 1972. Research and development expenditures, except those specified as recoverable design costs on Government contracts, are charged to operations as incurred. Deferred income taxes applicable to current assets and liabilities were $94.1 million at the end of 1972 compared with $80.8 million at the end of 1971.

Other assets are summarized in the right margin.

Short-term borrowings, those due within one year, totaled $439.4 million at the end of 1972, compared with $569.8 million at the end of the preceding year. These borrowings have been incurred by the Company primarily to finance increased current asset requirements and a continuing high level of expenditures for plant and equipment. Short-term borrowings by the Parent aggregated $290.9 million at the end of 1972, a decrease of $105.2 million during the year.

Other costs and expenses accrued at the end of 1972 included compensation and benefit costs accrued of $339.9 million and interest expense accrued of $19.5 million. At the end of 1971, compensation and benefit costs accrued were $313.3 million and interest expense accrued was $15.5 million. The remaining costs and expenses accrued included liabilities for items such as replacements under guarantees and allowances to customers.

Long-term borrowings amounted to $947.3 million at December 31, 1972 compared with $787.3 million at the end of 1971 as summarized at the right.

During January 1972, General Electric Company sold $125.0 million of 6¼% Debentures due in 1979 in the public market, the net proceeds of which were added to the general funds of the Company.

General Electric Company 7½% Debentures are due in 1996. Sinking fund payments are required beginning in 1977.

General Electric Company 5.30% Debentures are due in 1992. Sinking fund payments of $10.0 million annually are required beginning in 1973. Debentures outstanding at the end of 1972 amounted to $171.9 million after deduction of reacquired debentures with a face value of $28.1 million held in treasury for 1973 and future sinking fund requirements.

General Electric Company 5¾% Notes are due in 1991. At December 31, 1972 $112.5 million was classified as long-term and $6.3 million was classified as short-term. Notes having a value of $6.2 million were retired during 1972 in accordance with prepayment provisions.

Plant and equipment *(In millions)*

	1972	1971
Major classes at Dec. 31:		
Land and improvements	$ 103.0	$ 100.9
Buildings, structures and related equipment	1,347.5	1,243.3
Machinery and equipment	2,828.2	2,585.5
Leasehold costs and plant under construction	170.5	204.5
	$4,449.2	$4,134.2
Cost at Jan. 1	$4,134.2	$3,651.5
Additions	435.9	553.1
Dispositions	(120.9)	(70.4)
Cost at Dec. 31	$4,449.2	$4,134.2
Accumulated depreciation		
Balance at Jan. 1	$2,108.5	$1,902.1
Current year provision	314.3	273.6
Dispositions	(107.6)	(62.5)
Other changes	(2.6)	(4.7)
Balance at Dec. 31	$2,312.6	$2,108.5
Plant and equipment less depreciation at Dec. 31	$2,136.6	$2,025.7

Other assets *(In millions)*

December 31	1972	1971
Long-term receivables	$133.9	$173.5
Deferred income taxes	130.5	106.2
Customer financing	117.4	61.9
Recoverable design costs on Government contracts	67.3	95.4
Licenses and other intangibles	30.7	22.1
Deferred charges	23.5	23.7
Other	27.7	26.0
	$531.0	$508.8

Long-term borrowings *(In millions)*

December 31	1972	1971
General Electric Company:		
6¼% Debentures	$125.0	$ —
7½% Debentures	200.0	200.0
5.30% Debentures	171.9	178.9
5¾% Notes	112.5	118.8
3½% Debentures	98.4	102.3
General Electric Overseas Capital Corporation	182.0	135.1
Other	57.5	52.2
	$947.3	$787.3

General Electric Company 3½% Debentures are due in 1976. Debentures having a face value of $15.7 million, and reacquired at a cost of $13.0 million, were retired during 1972 in accordance with sinking fund provisions. Debentures outstanding at the end of 1972 amounted to $98.4 million after deduction of reacquired debentures with a face value of $30.8 million held in treasury for future sinking fund requirements.

Borrowings of General Electric Overseas Capital Corporation (a wholly-owned consolidated affiliate) are unconditionally guaranteed by General Electric Company as to payment of principal, premium, if any, and interest. Proceeds from these borrowings are being used primarily to assist in financing the capital requirements of foreign companies in which General Electric has an equity interest. The borrowings include the Corporation's 4¼% Guaranteed Debentures due in 1987 in the amount of $50.0 million and sold outside the United States in June 1972. The debentures are convertible from June 15, 1973 to June 15, 1987 into Company common stock at $80.75 a share. Also included are the Corporation's 4¼% Guaranteed Bonds due in 1985 in the aggregate principal amount of $50.0 million. The bonds are convertible through November 1975 into General Electric common stock at $65.50 a share. Sinking fund payments on any 1985 bonds not converted are required beginning in 1976.

Other long-term borrowings represented largely borrowings by foreign affiliates with various interest rates and maturities.

Long-term borrowing maturities during the next five years, including the portion classified as current, are $23.9 million in 1973, $38.5 million in 1974, $54.5 million in 1975, $138.5 million in 1976 and $30.3 million in 1977. These amounts exclude reacquired debentures held in the treasury for sinking fund requirements.

Preferred stock, $1.00 par value, up to a total of 2,000,000 shares has been authorized by the share owners. No preferred shares have been issued.

Common stock, $2.50 par value, up to a total of 210,000,000 shares has been authorized by the share owners. During April 1971, share owner approval was obtained to split common shares on a two-for-one basis. This resulted in an increase in the number of authorized shares of common stock from 105,000,000 shares with a par value of $5.00 per share to 210,000,000 shares with a par value of $2.50 per share and a doubling of all issued common shares including stock held in treasury. The split resulted in no change in the capital or surplus accounts of the Company. Shares issued and outstanding at the end of the last two years are shown at lower left. The number of new shares issued varies between periods depending principally on the requirements of employee plans and the timing of deliveries of shares under provisions of those plans.

Common stock held in treasury for various corporate purposes totaled $146.5 million at the close of 1972 and $125.5 million at the end of 1971. Purchases during 1972 totaled 1,053,421 shares including 393,821 at current market prices from employees who acquired them through employee plans other than stock option plans. Other purchases were primarily through regular transactions in the security markets. Treasury stock dispositions are shown at upper right.

The Company held under the deferred compensation provisions of incentive compensation plans a total of 1,151,053 shares at December 31, 1972 and 1,094,169 shares at December 31, 1971. These shares are recorded at market value at the time of allotment. The liability is recorded under other liabilities.

Common stock issued and outstanding

	1972	1971
Shares issued at Jan. 1	184,936,318	184,370,136
New shares issued:		
Stock option plans	296,002	238,592
Savings and Security Program	11,528	327,590
Shares issued at Dec. 31	185,243,848	184,936,318
Deduct shares held in treasury	(2,895,999)	(2,813,503)
Shares outstanding at Dec. 31	182,347,849	182,122,815

The remaining common stock held in treasury is carried at cost, $96.1 million at the end of 1972 and $80.5 million at the end of 1971. These shares are held for future corporate requirements including 1,382,401 shares for possible conversion of General Electric Overseas Capital Corporation convertible indebtedness described under long-term borrowings, for distributions under employee savings plans and for incentive compensation awards.

Amounts in excess of par value received for stock increased $27.8 million during 1972 which resulted from amounts received for newly-issued shares in excess of par value of $12.6 million and net gains from treasury stock transactions of $15.2 million. During 1971, there was an increase of $38.8 million which resulted from amounts received for newly-issued shares in excess of par value of $29.0 million and net gains from treasury stock transactions of $9.8 million.

Incentive compensation plans provide incentive for outstanding performance to over 3,000 key employees. Allotments made in 1972 for services performed in 1971 aggregated $24.0 million. Allotments made in 1971 for services performed in 1970 totaled $20.0 million.

The Stock Option Plan, approved by the share owners in 1968 by 98.2% of the votes cast, as well as all previous plans under which options remain outstanding, provided, in the aggregate, continuing incentive for more than 500 employees. The option price under these plans is the full market value of General Electric common stock on the date of grant. Therefore, participants in the plans do not benefit unless the stock's market price rises, thus benefiting all share owners. Also, an employee can only exercise his option to the extent that annual installments have matured. Normally, options mature over a period of nine years. Thus the plans encourage managers and professional employees to have the long-term entrepreneurial interest that will benefit all share owners.

A summary of stock option transactions during the last two years is shown at the right. At the end of 1972, there were 2,637,276 shares reserved for options of which 804,890 shares were exercisable, 1,672,021 shares were not yet exercisable and 160,365 shares were available for granting options in the future. The number of shares available for granting options at the end of 1971 was 545,589.

Dispositions of treasury shares

	1972	1971
Employee savings plans	876,231	572,336
Incentive compensation plans	94,515	94,788
Conversion of Overseas Capital Corporation 1985 bonds	151	—
Awards to employees	28	127
Business acquisitions	—	21,416
	970,925	688,667

Stock options

	Number of shares	Average per share: Option price	Average per share: Market price
Balance at Dec. 31, 1970	2,455,796	$44.09	$46.94
Options granted	243,001	56.50	56.50
Options exercised	(238,592)	40.29	58.26
Options terminated	(71,274)	44.67	—
Balance at Dec. 31, 1971	2,388,931	45.70	62.62
Options granted	475,286	67.62	67.62
Options exercised	(297,244)	42.71	65.79
Options terminated	(90,062)	45.52	—
Balance at Dec. 31, 1972	2,476,911	50.27	72.88

Report of Independent Certified Public Accountants

To the share owners and board of directors of General Electric Company

We have examined the statements of financial position of General Electric Company and consolidated affiliates as of December 31, 1972 and 1971 and the related statements of current and retained earnings and changes in financial position for the respective years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements referred to in the preceding paragraph present fairly the financial position of General Electric Company and consolidated affiliates at December 31, 1972 and 1971, and the results of their operations and changes in financial position for the respective years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

February 16, 1973

Peat, Marwick, Mitchell & Co., 345 Park Avenue, New York, New York 10022

Directors

Four new directors were elected in 1972 and four directors, who had served with great distinction, retired. Fred J. Borch and William H. Dennler, who had served on the Board for 11 and 3 years, respectively, retired under the Company's Pension Plan. George H. Love and Henry S. Morgan, who had served for 22 and 32 years, respectively, did not stand for reelection under the Board's age rule established in 1956. In addition, Frederick B. Dent, a valued member of the Board since 1966, resigned to become U.S. Secretary of Commerce.

Board members are listed below in the order of their seniority on the Board. The year in which each director was elected to the Board is shown in parentheses.

Gilbert W. Humphrey, Chairman of the Board and Director, The Hanna Mining Company, Cleveland, Ohio. (1955)

Frederick L. Hovde, President Emeritus, Purdue University, Lafayette, Ind. (1956)

John E. Lawrence, Proprietor, James Lawrence & Co., cotton merchants, Boston, Mass. (1957)

Walter B. Wriston, Chairman and Director, First National City Corporation, New York City. (1962)

Dean A. McGee, Chairman of the Board and Director, Kerr-McGee Corporation, natural resources, Oklahoma City, Okla. (1962)

Ralph Lazarus, Chairman of the Board and Director, Federated Department Stores, Inc., Cincinnati, Ohio. (1962)

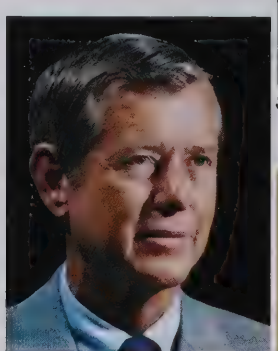
Gilbert H. Scribner, Jr., President and Director, Scribner & Co., real estate and insurance, Chicago, Ill. (1962)

Total membership of the Board of Directors numbers 19. Only four are General Electric executives. The other 15 (pictured at right) are from outside the Company. During 1972, the committee structure of the Board was realigned to include five committees: Audit and Finance, Management Development and Compensation, Operations, Public Issues, and Technology and Science. Each committee is chaired by an outside director.

J. P. Austin

S. S. Cathcart

H. H. Henley, Jr.



J. G. Boswell II

T. S. Gates

H. L. Hillman

C. D. Dickey, Jr.

Edmund W. Littlefield, Chairman of the Board and Director, Utah International, Inc., mining and construction, San Francisco, Cal. (1964)

J. Paul Austin, Chairman of the Board and Director, The Coca-Cola Company, Atlanta, Ga. (1964)

Thomas S. Gates, Director, J. P. Morgan & Co., Inc. and Morgan Guaranty Trust Company of New York, New York City. (1964)

Jack S. Parker, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (1968)

Herman L.Weiss, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (1968)

Walter D. Dance, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (1971)

Reginald H. Jones, Chairman of the Board and Chief Executive Officer, General Electric Company, New York City. (1971)

James G. Boswell II, President, J. G. Boswell Company, farming and related businesses, Los Angeles, Cal. (1971)

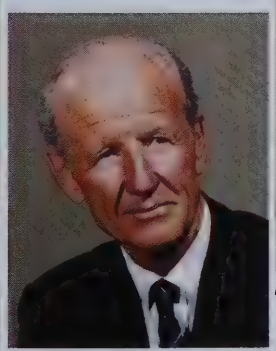
Charles D. Dickey, Jr., Chairman of the Board and Director, Scott Paper Company, Philadelphia, Pa. (1972)

Henry L. Hillman, President, The Hillman Company, diversified operations and investments, Pittsburgh, Pa. (1972)

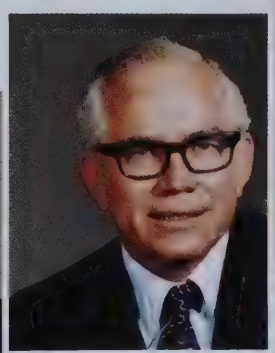
Silas S. Cathcart, Chairman of the Board and Director, Illinois Tool Works Inc., diversified products, Chicago, Ill. (1972)

Henry H. Henley, Jr., President and Director, Cluett, Peabody & Company, Inc., manufacturing and retailing of apparel, New York City. (1972)

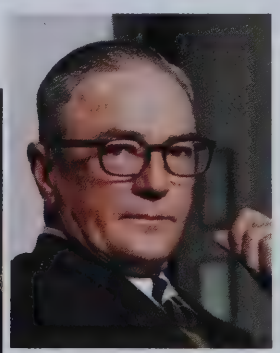
. L. Hovde



J. E. Lawrence



E. W. Littlefield

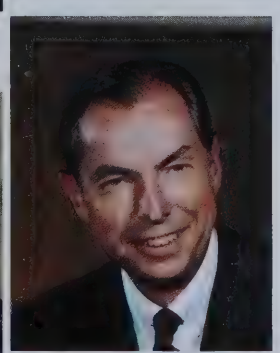


G. H. Scribner, Jr.

. W. Humphrey

R. Lazarus

D. A. McGee



W. B. Wriston

NEIL H. McELROY

Mr. McElroy, who served as a director from 1950 to 1957 and was reelected to the Board in 1959, died on November 30, 1972 at the age of 68. He was Secretary of Defense during the Eisenhower Administration and former Chairman of the Board and President of The Procter & Gamble Company. In his 21st year of service on the General Electric Board at the time of his death, he was a member of the Board's Public Issues Committee and the Management Development and Compensation Committee. The Board of Directors will sadly miss the counsel and guidance of this distinguished colleague who served General Electric with great dedication and distinction.

Management

CORPORATE EXECUTIVE OFFICE

Reginald H. Jones
Chairman of the Board
and Chief Executive Officer

Walter D. Dance
Vice Chairman of the Board
and Executive Officer

SENIOR VICE PRESIDENTS

Hershner Cross
Senior Vice President
Corporate Executive Staff

Oscar L. Dunn
Senior Vice President
Corporate Executive Staff

Robert M. Estes
Senior Vice President
Corporate Executive Staff
General Counsel and Secretary

VICE PRESIDENTS AND GROUP EXECUTIVES

Stanley C. Gault
VP and Group Executive
Major Appliance Group

Reuben Gutoff
VP and Group Executive
Components & Materials Group

Edward E. Hood, Jr.
VP and Group Executive
International & Canadian Group

Robert B. Kurtz
VP and Group Executive
Industrial Group

Mark Morton
VP and Group Executive
Aerospace Group

CORPORATE STAFF OFFICERS

Marshall Bartlett
VP and Staff Executive
Corporate Strategic Planning

Arthur M. Bueche
VP—Research and Development

John F. Burlingame
VP—Corporate Employee
Relations

L. Berkley Davis
VP—Washington Corporate Office

Leonard C. Maier, Jr.
VP—Corporate Consulting
Services

Edward H. Malone
VP—Trust Operations

John B. McKitterick
VP and Staff Executive
Planning Development

Halbert B. Miller
VP and Staff Executive
Production Resources

L. William Ballard, Jr.
Regional VP—Central

Lester W. Dettman
Regional VP—East Central

Thomas K. Edenfield
Regional VP—Southeastern

William B. Frogue
Regional VP—Southwestern

Harry P. Gough
Regional VP—Mid-States

OPERATIONS

Major Appliance Group

A. Melcher Anderson
General Manager
Home Laundry Division

Arthur E. Andres
VP and General Manager
Contract Sales Division

William B. Clemmens
VP and General Manager
Retail Sales Division

Robert R. Frederick
VP—Group Strategic Planning

Joseph H. Gauss
VP and General Manager
Air Conditioning Division

Irving L. Griffin
VP and General Manager
Refrigerator Division

Donald W. Lynch
VP and General Manager
Range Division

Lester E. Pankonin
VP and General Manager
Distribution Finance
and Service Division

Edward L. Stehle
VP and General Manager
Customer Relations and Sales
Support Operation

Richard O. Donegan
Deputy Division General Manager
Dishwasher & Disposal
Products Operations

Components & Materials Group

Julien R. Charlier
VP and General Manager
Medical Systems Division

George B. Farnsworth
General Manager
Electronic Components Division

Fred H. Holt
VP and General Manager
Appliance Components Division

John F. Welch, Jr.
VP and General Manager
Chemical and Metallurgical
Division

International & Canadian Group

Christopher T. Kastner
General Manager
Europe Division

William L. Lurie
VP—International Strategic
Planning and Review

J. Russell Mudge
VP and General Manager
Far East Division

Hoyt P. Steele
VP and General Manager
International Sales Division

Alva O. Way
VP and Consultant

Russell E. Whitmyer
VP and General Manager
Latin America Division

Walter G. Ward
Chairman of the Board
and Chief Executive Officer
Canadian General Electric
Company Limited (an affiliate
of General Electric)

Alton S. Cartwright
President
Canadian General Electric
Company Limited

Industrial Group

Kristian H. Christiansen
VP and General Manager
Industrial Sales Division

S. Wellford Corbin
VP and Consultant

Ralph B. Glotzbach
VP and General Manager
Apparatus Distribution
Sales Division

Howard F. McCullough
VP—Special Study Projects

Bruce O. Roberts
VP and General Manager
AC Motor and Generator Division

Robert J. Rodwell
VP and General Manager
Contractor Equipment Division

Peter C. Van Dyck
VP and General Manager
Apparatus Service Division

Louis E. Wengert
VP and General Manager
Automation Division

Aerospace Group

Roy H. Beaton
VP and General Manager
Electronic Systems Division

David Cochran
VP and General Manager
Aerospace Programs
Relations Division

Daniel J. Fink
VP and General Manager
Space Division

Charles W. George
VP and General Manager
Aircraft Equipment Division

Otto Klima
VP and General Manager
Re-entry & Environmental
Systems Division

Jack S. Parker
Vice Chairman of the Board
and Executive Officer

Herman L. Weiss
Vice Chairman of the Board
and Executive Officer

Charles E. Reed
Senior Vice President
Corporate Executive Staff

J. Stanford Smith
Senior Vice President
Corporate Administrative Staff

Gerhard Neumann
VP and Group Executive
Aircraft Engine Group

Thomas O. Paine
VP and Group Executive
Power Generation Group

Arthur E. Peltosalo
VP and Group Executive
Power Delivery Group

Thomas A. Vanderslice
VP and Group Executive
Special Systems & Products Group

Hicks B. Waldron
VP and Group Executive
Consumer Products Group

Virgil B. Day
VP and Staff Executive
Business Environment

Willis E. Forsyth
VP and Comptroller

Roy L. Johnson
VP and Staff Executive
Executive Manpower

Robert W. Lewis
VP—Corporate Facilities Services

Douglas S. Moore
VP—Corporate Public Relations

Walter A. Schlotterbeck
VP and Corporate Counsel

Paul E. Wallendorf
VP and Treasurer

James F. Young
VP and Staff Executive
Technical Resources

Harry M. Lawson
Regional VP—Western

Donald D. Scarff
Regional VP—Atlantic

Steven C. Van Voorhis
Regional VP—Northeastern

Cecil S. Semple
Commercial VP

Aircraft Engine Group

Frederick W. Garry
VP—Technical Plans

Fred O. MacFee, Jr.
VP—Group Strategic Planning

Brian H. Rowe
VP and General Manager
Commercial Engine
Projects Division

Louis V. Tomasetti
VP and General Manager
Group Manufacturing Division

Edward Woll
VP and General Manager
Group Engineering Division

James E. Worsham
General Manager
Military Engine Projects Division

Power Generation Group

Donald E. Craig
VP and General Manager
Steam Turbine-Generator
Division

Herman R. Hill
VP—Group Strategic Planning

Milton F. Kent
VP and General Manager
Power Generation Sales Division

Whitman Ridgway
VP and General Manager
Gas Turbine Division

George J. Stathakis
VP and General Manager
Nuclear Energy Division

Clement E. Sutton, Jr.
VP—Group Operational Planning

Edward C. Clark
Deputy Division General Manager
Industrial and Marine
Steam Turbine Operations

John D. Selby
Deputy Division General Manager
Nuclear Energy Division

John A. Urquhart
Deputy Division General Manager
Power Generation Sales Division

Power Delivery Group

Charles J. Meloun
VP and General Manager
Transformer and Distribution
Equipment Division

A. Eugene Schubert
VP—Group Strategic
Planning and Review

William R. Smart
VP and General Manager
Switchgear Equipment Division

William R. Tackaberry
VP and General Manager
Power Transmission and
Distribution Sales Division

Special Systems & Products Group

Verner S. Cooper
General Manager
Construction Materials Division

George J. Feeney
VP and General Manager
Information Services Division

Richard P. Gifford
VP and General Manager
Communication Systems Division

Kertis P. Kuhlman
General Manager
General Electric Supply Company
Division

Bryce W. Wyman
VP and General Manager
Transportation Systems Division

Consumer Products Group

John S. Chamberlin
VP and General Manager
Housewares Division

Robert V. Corning
VP and General Manager
Lamp Division

Donald E. Perry
VP and General Manager
Home Entertainment Division

Charles G. Klock
President and General Manager
General Electric
Credit Corporation
(an affiliate of General Electric)

Thomas W. Moore
President
Tomorrow Entertainment, Inc.
(an affiliate of General Electric)

The Borch years

The ten year summary of General Electric's results covers the years of leadership by Fred J. Borch and offers a statistical measure of his achievement. As the fifth Chief Executive Officer to serve the Company since it was incorporated in 1892, he essentially added during his tenure another General Electric to the one whose leadership he assumed in 1963: sales increased from the $5 billion level in 1963 to over $10 billion in 1972, while net earnings rose from $272 million to $530 million. The share owners' equity in the Company increased by 67 percent.

These years of dynamic growth have seen the success of major new ventures and new technologies. General Electric has grown in international markets to become worldwide in its outlook. Over $4 billion invested in plant and equipment have provided the modern production and laboratory facilities to meet customer needs both in terms of quantity and quality of products and services. An advanced system of business planning has been put in place to improve the allocation of resources not only for accelerated growth in sales and earnings but also for a positive response to the changing needs and expectations of society. To his successors Fred Borch thus leaves a Company with great strengths in customer service, technology and finance as well as in creative spirit and competitive drive.

Ten year summary

On worldwide basis of consolidation	1972	1971	1970
Sales of products and services	**$10,239.5**	$9,425.3	$8,726.7
Net earnings	**530.0**	471.8	328.5
Earnings per common share *(a)*	**2.91**	2.60	1.81
Earnings as a percentage of sales	**5.2%**	5.0%	3.8%
Earned on share owners' equity	**18.0%**	17.6%	13.2%
Cash dividends declared	**$ 254.8**	$ 249.7	$ 235.4
Dividends declared per common share *(a)*	**1.40**	1.38	1.30
Shares outstanding—average *(In thousands) (a)*	**182,112**	181,684	181,114
Share owner accounts—average	**536,000**	523,000	529,000
Market price range per share *(a) (b)*	**73-58¼**	66½-46½	47¼-30⅛
Current assets	**$3,979.3**	$3,639.0	$3,334.8
Current liabilities	**2,869.7**	2,840.4	2,650.3
Total assets	**7,401.8**	6,887.8	6,198.5
Share owners' equity	**3,084.6**	2,801.8	2,553.6
Plant and equipment additions	**$ 435.9**	$ 553.1	$ 581.4
Depreciation	**314.3**	273.6	334.7
Provision for income taxes	**364.1**	317.1	220.6
Worldwide employees—average	**369,000**	363,000	397,000

(a) Amounts have been adjusted for the two-for-one stock split in April 1971.

(b) Represents high and low market price on New York Stock Exchange for each year.

(Dollar amounts in millions; per-share amounts in dollars)

1969	1968	1967	1966	1965	1964	1963
$8,448.0	$8,381.6	$7,741.2	$7,177.3	$6,213.6	$5,319.2	$5,177.0
278.0	357.1	361.4	338.9	355.1	219.6	272.2
1.54	1.98	2.00	1.88	1.97	1.22	1.52
3.3%	4.3%	4.7%	4.7%	5.7%	4.1%	5.3%
11.5%	15.4%	16.5%	16.2%	18.0%	11.7%	15.3%
$ 235.2	$ 234.8	$ 234.2	$ 234.6	$ 216.7	$ 197.7	$ 183.1
1.30	1.30	1.30	1.30	1.20	1.10	1.02
180,965	180,651	180,266	180,609	180,634	179,833	178,768
520,000	530,000	529,000	530,000	521,000	516,000	504,000
49⅛-37	50¼-40⅛	58-41¼	60-40	60⅛-45½	46¾-39⅜	43¾-35⅞
$3,287.8	$3,311.1	$3,207.6	$3,013.0	$2,842.4	$2,543.8	$2,321.0
2,366.7	2,104.3	1,977.4	1,883.2	1,566.8	1,338.9	1,181.9
5,894.0	5,652.5	5,250.3	4,768.1	4,241.5	3,788.2	3,457.8
2,426.5	2,402.1	2,245.3	2,128.1	2,048.1	1,896.4	1,844.5
$ 530.6	$ 514.7	$ 561.7	$ 484.9	$ 332.9	$ 237.7	$ 149.2
351.3	300.1	280.4	233.6	188.4	170.3	149.4
231.5	312.3	320.5	347.4	352.2	233.8	286.7
410,000	396,000	385,000	376,000	333,000	308,000	298,000

The 1972 Annual Report is one of four quarterly issues of *The General Electric Investor,* published to inform share owners and investors about activities of the General Electric Company. Others may receive the *Investor* on request.

EDITOR: Frederick N. Robinson
ASSOCIATE EDITOR: David L. Martin
FINANCIAL EDITOR: Sidney D. Spencer
EDITORIAL BOARD: David W. Burke, *Manager, Public Relations Programs;* J. Hervie Haufler, *Manager, Corporate Editorial Communications;* Gregory M. Sheehan, *Manager, Investor Relations Operation.*

PHOTOGRAPHERS: Bill Bridges, Joseph B. Brignolo, Gary Calderwood, Arthur d'Arazien, Gary Gladstone, Henry Groskinsky, Walter Halstead, Hugo Harper, Tom Hollyman, Jay Leviton, Dick Luria, David L. Martin, Tom Palandro, Ken Resen, Ray Rognstad, Arthur Schatz, Walter Scott, J. David Ulrich.

ART DIRECTION: Page, Arbitrio & Resen

GENERAL ELECTRIC

INVESTOR

Volume 4 Number 1 Spring 1973

570 Lexington Avenue, New York, N.Y. 10022

General Electric's CF6 family of commercial aircraft engines is powering the European-built A300B twin-engine jetliner, shown in a 1972 test flight over France, as well as the U.S.-built DC-10 Trijet.